

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-016-2018/19

Date of meeting: 25 March 2019

Portfolio: Leader of the Council

Subject: Corporate Fraud Team Strategy 2019 / 20

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: A Hendry (01992 564246)

Recommendations/Decisions Required:

That the Corporate Fraud Team Strategy for 2019 / 20 be approved.

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2019 / 2020

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's strategy for 2019 / 20 as the Audit and Governance Committee has a role in ensuring anti-fraud arrangements are in place as per their Terms of Reference.

Other Options for Action:

None

Report:

Introduction

1. The Corporate Fraud Team has been operational since 2015 bringing a uniform approach to fraud investigation work within EFDC and ensuring the Council has adequate resources dedicated to anti-fraud activity.
2. This strategy summarises the key principles for the Corporate Fraud Team for the forthcoming 2019 / 20 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both together supports and contributes to the achievement of the Council's 2018-23 strategic aims. These have been taken into account when developing the Corporate

Fraud Strategy and Plan being:

- To ensure there is efficient use of Council resources which is protected from fraud, abuse and corruption
- To contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Council's tax base
- To ensure that the Council adopts a culture of innovation which is not compromised by fraud.

Purpose

4. The purpose of the Corporate Fraud Team Strategy is to document the Corporate Fraud Team's approach to:

- Provide independent and professional investigations into all aspects of fraud affecting the Council, preventing fraud and abuse and taking fair and consistent action against those committing offences.
- Supporting the Council's anti-fraud culture and framework.
- Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

The Corporate Fraud Team Approach

This strategy sets out the main focus of work that will be undertaken by the team during the period 2019 / 20:

Proactive Work

Proactive

- The process of vetting 100% of Right to Buy Applications will continue into 2019 / 2020 due to the high levels of success already experienced in this area since its inception in 2014 and the amount of financial savings this area of work generates. For example, for the year 2017 / 2018, a total of 26 applications were stopped / withdrawn and as a result approximately £2 million of potential Right to Buy discount has been saved (based on the maximum discount amount (at that time) of £78,600). Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1.1 million to the Council going forward. The recent increase in the maximum amount of discount available to tenants wishing to purchase their council properties means that an upsurge in applications may be expected in this area.
- In line with the strategy of reviewing other areas of high fraud risk within the Council where any fraud and / or abuse represents a significant risk to the Council's financial position, for 2019 / 2020, the Corporate Fraud Team plan to continue with already ongoing proactive exercises targeting Revenue such as

Non-Domestic Rates fraud and fraud within Council Tax discounts and exemptions. Work undertaken in conjunction with the Council Tax department during 2018 / 2019 has already yielded promising results and resulted in a number of cases whereby revenue (approximately £45,000 to date) has / is being recovered. As a result of the work completed so far in this area, further resources are to be deployed in order to identify cases of more serious, persistent or organised fraud within the scheme. This will be undertaken with a view, where it is deemed appropriate to prosecute.

- The team will continue with the good working relationship it already has with the Housing Department, which has been instrumental in forging closer working arrangements between the investigators and their housing officer colleagues when dealing with issues surrounding suspected social housing fraud. Regular meetings are now held between the Housing and CFT management and will continue into the forthcoming year.
- In addition to the above, the longer-term process of engaging other key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. This enables the Corporate Fraud Team to have a better understanding of the various processes employed within each service area in order to identify potential areas of fraud risk with input into policy revisions where appropriate. This is of importance during the current transformation and management structure processes due to the restructuring of services.
- The implementation of a rolling fraud awareness programme providing coverage not just in significant areas of expenditure such as finance, procurement and payroll but for all staff including Members and contractors. Preliminary work is now being undertaken in conjunction with Human Resources to include a mandatory fraud awareness session for all new starters as part of their induction into working for the Council.

Reactive Work

- The team will review and risk assess 100% of the referrals it receives in order to ensure efficient allocation of resources and ensure the highest risk referrals are prioritised.
- The team will be continuing with its programme of engaging with other teams within the Council in order to provide advice, training and support. The team continues to provide advice and training to staff and the team can provide tailored training packages to services.
- The “Know a Cheat in your Street” advertising campaign will continue for the forthcoming year in order to heighten awareness and encourage members of the public to report fraud and abuse. This is done by enclosing leaflets in the run of Council Tax / Non Domestic Rates Bills for the forthcoming year. The campaign will also make full use of other resources such as the EFDC website and the Council’s social media presence.

- The team will also continue to publicise its work including successful prosecutions by maintaining a policy of utilising press releases, existing mediums such as “Housing News” and the corporate website and social media platforms.

In addition to the above, the Corporate Fraud Team also plans to undertake the following areas of work in the forthcoming year:

National Fraud Initiative Exercise

The data matches for the current National Fraud Initiative exercise were received during February 2019 and preliminary work has already commenced on prioritising these and incorporating them into the CFT work programme for 2019 / 2020. As is usual for this exercise and in line with already established procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified and / or identified as “high risk”. The CFT will work closely with their colleagues in the Housing, Revenue and Benefits and Human Resources departments as well as other local authorities and public-sector organisations to review these data matches and undertake any resulting investigations as appropriate.

Explore and pursue joint working / shared service arrangements.

- Joint Working arrangement with Brentwood Borough Council

In September 2017, the Corporate Fraud Team commenced a joint working arrangement with Brentwood Borough Council whereby an investigator from EFDC is deployed to work for Brentwood for two days per week providing investigatory work, advice and training. This arrangement is on a “paid for” basis and is proving to be highly effective for both Councils. A number of successful investigations have been carried out leading to positive results in the areas of social housing, Council Tax and Non- Domestic Rates fraud This arrangement is subject to continued review by both EFDC and Brentwood and is set to continue into 2019 / 2020.

- Joint working with Chelmsford City Council

The team also operates an informal joint working initiative with the anti -fraud team at Chelmsford City Council with the working relationship focussing on the sharing of investigative resources, exploring the potential for joint proactive initiatives and providing a “peer support” service for investigators. Again, this initiative will continue into the forthcoming year.

- Joint working with Harlow Council

Like with the above-mentioned arrangement with Chelmsford City Council, in the last 12 months, the team has also embarked on a similar initiative with Harlow Council which will continue into 2019 / 2020.

Other areas of work

Since 2016 the Corporate Fraud Team has utilised its skillsets by undertaking a number of Standards Investigations for which remuneration has been received. Due to the success of this, the team will continue to make itself available to take on this type of work and meetings

with the Council's new Monitoring Officer have already been undertaken.

Furthermore, ongoing exploration of further opportunities to increase the team's revenue by undertaking fraud and employment related investigations for outside bodies such as other local authorities and public-sector organisations will continue thus increasing its capacity for revenue raising activities and allowing for diversification into other forms of investigation work outside of the traditional criminal area

The team will continue to provide training and advice to external organisations and the team are constantly working to identify areas where potential exists to engage in joint working and / or shared service protocols, with such agreements giving the possibility of revenue raising opportunities.

Staff Development

For 2019 / 2020 and beyond, all members of the Corporate Fraud Team are now required to undertake a set number of hours of Continued Professional Development so that their existing knowledge and skills remain up to date and they are given an opportunity to develop new skills. Further to this, the possibility of further professional development is being explored relating to involvement with the Government's new "Counter Fraud Profession" programme.

To promote best practice, information sharing and support to the wider anti - fraud community

The Corporate Fraud Team continue to host the meetings of The Eastern Corporate Fraud Group, which it founded in 2016 with its on-going aim to bring together counter fraud professionals from local authorities in Essex, Suffolk and Norfolk in a meaningful forum to discuss and promote best practice, form agreements and partnerships for information sharing and offer support and resources to carry out investigations etc. The group continues to move forward and is now firmly established with its main focus being opportunities for cross authority working, training and information sharing.

Longer Term Projects

A number of longer term projects are currently being considered for 2019 / 2020 and beyond. These include:

- A consultation with Human Resources (as part of the Recruitment Strategy) to look into pre-employment vetting procedures with a view to possibly developing and incorporating a more robust process
- Collaborative work between the Corporate Fraud Team and Internal Audit into specific areas of identified risk. This will also include the possibility of developing and utilising data mining / matching techniques into areas that are not covered by currently used data matching tools such as NFI etc. It is hoped that existing software already used by the Internal Audit team will be utilised for this, thus not requiring any new resources.
- A review of documents utilised by the Council for access to its services (such as application forms etc) to ensure that they are as "fraud proof" as possible.

Resources

The Corporate Fraud Team consists of a Corporate Fraud Manager, a Senior Investigator and two investigators. All of the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

Resource Implications

None, Within the existing budgets

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Corporate Fraud Strategy

Risk Management:

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

Equality Analysis:

The Equality Act 2010 requires that the Public-Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.