

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-022-2015/16
Date of meeting: 31 Mar 2016

Portfolio: Governance and Development Management

Subject: Corporate Fraud Strategy 2016/17

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the Corporate Fraud Strategy for 2016/17 be approved**

Executive Summary:

This report sets out the approach and focus of the work of the Corporate Fraud Team.

Reasons for Proposed Decision:

To approve the Council's Corporate Fraud Strategy for 2016/17 as required in the Audit and Governance Committee's Terms of Reference.

Other Options for Action:

No other options.

Report

Introduction

1. The provision of a Corporate Fraud Team and its structure was agreed at a meeting of the Cabinet on 1 December 2014 with the team becoming operational on 1 April 2015. This move away from the existing structure whereby the Council's fraud investigation resources were located within different directorates and operating independently of one another was intended to bring a uniform approach to investigation work within EFDC.
2. Furthermore, it was set up to ensure that the Council had adequate resources dedicated to anti-fraud activity following the transfer of benefits investigation staff to The Department for Work and Pensions; on 1st October 2015. This strategy summarises the key principles for the Corporate Fraud Team for 2016/17 along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team, reporting to the Chief Internal Auditor, and both supports and contributes to the achievement of the Council's 2015-20 strategic aims. These have been taken into account when developing the Corporate Fraud Strategy as being:
 - to ensure that the Council has sufficient and appropriate resources on an ongoing basis to protect the delivery of its statutory duties and discretionary services 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 Authority's tax base; and
- to ensure that the Council adopts a modern and innovative approach to the delivery of its services and that they are not comprised by fraud.

Purpose

4. The purpose of the Corporate Fraud Team Strategy is to document the Corporate Fraud Team's approach to:
- providing 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; and
 - delivering a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

The Corporate Fraud Team Approach

5. This strategy sets out the main focus of work that will be undertaken by the team during 2016/17:

➤ Proactive Work

6. The policy of vetting 100% of Right to Buy Applications will continue into 2016/17 due to the high levels of success already experienced in this area. In addition, other areas of high fraud risk within the Council are to be reviewed and identified particularly those (but not limited to) that traditionally have not been the focus of anti-fraud initiatives but where any fraud and / or abuse represents a significant risk to the Council's financial position, for example. Business Rates.

7. Seeking the engagement of key stakeholders across the Council with a view to not only raising awareness of the teams remit and capabilities (thus encouraging referrals etc.) but also obtaining a better understanding of the various processes employed within each service area in order to identify potential areas of fraud risk.

8. 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. Plans are also being developed to undertake some community engagement work in this area, for example awareness sessions for community groups etc.

9. Engagement with those responsible for policy design and implementation to ensure that anti-fraud and corruption protocols are being considered across all aspects of the Council's services.

➤ Reactive Work

10. Work has already been undertaken to formalise the processes by which the team receives referrals by the implementation of a specific fraud referral pro-forma, which has been rolled out to all service areas. The team will ensure it receives high quality referrals from both members of staff and the public.

11. As well as the rolling fraud awareness programme mentioned above, the team will continue to engage with staff members in order to provide advice, training and feedback.

12. Members of the public will be encouraged to report fraud and abuse. This is to be achieved through the implementation of the “Know a Cheat in your Street” advertising campaign, whereby each 2016/17 Council Tax / Business Rates Bill will have an A5 size flyer enclosed, highlighting reporting arrangements and the types of fraud to look out for.

13. The team will also seek to publicise its work including successful prosecutions by maintaining a policy of utilising press releases, updating the Council website and using existing means such as “Housing News” for housing / tenancy fraud specific items.

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

❖ Explore and Pursue Joint Working / Shared Service Arrangements

15. The team will continue to provide training and advice to external organisations. In addition to this, work has already commenced to identify areas where the potential to engage in joint working and / or shared service protocols exists, with such agreements giving the possibility of revenue raising opportunities.

❖ The Use and Promotion of Accredited Financial Investigator Services

16. The team now has the ability to undertake financial investigations under the provisions of The Proceeds of Crime Act. This is an extremely significant development for the team going forward as it enables the Council to pursue any financial losses using The Proceeds of Crime Act thus (in appropriate cases) negating the need to spend further public money on attempting to seek financial redress via the Civil Court system. This is not just limited to fraud prosecutions however and can, where appropriate be used in other enforcement areas such as Planning etc. Furthermore, it is not limited to EFDC investigations and the service can be “bought in” by other Local Authorities and organisations such as Housing Associations etc.

Resources

17. The Corporate Fraud Team consists of a Senior Investigator and three Investigators. One of the investigator posts has remained vacant during 2015/16 whilst the team has sought to establish itself. This position will be recruited to in 2016/17.

Successes to Date

18. Since its formal establishment in April 2015, the Corporate Fraud Team has:
- been actively involved with the stopping or withdrawing of 22 Right to Buy applications;
 - recovered eight Council properties enabling them to be re-let to people in priority need on the Housing Register; and
 - successfully prosecuted three “legacy” benefit fraud cases representing overpaid benefits totalling £26,817.

Resource Implications:

None, within existing budgets.

Legal and Governance Implications:

There are no direct legal or governance implications arising from this report.

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.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date/Name	Summary of equality analysis
31/03/16 Chief Internal Auditor	The report has no equality implications.