

# ***Report to the Audit and Governance Committee***



***Report reference: C-021-2016/17***  
***Date of meeting: 27 March 2017***

**Epping Forest  
District Council**

**Portfolio: Governance and Development Management**

**Subject: Corporate Fraud Team Strategy 2017/18**

**Responsible Officer: Sarah Marsh (01992 564446).**

**Democratic Services: Gary Woodhall (01992 564470).**

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## **Recommendations/Decisions Required:**

- (1) That the Corporate Fraud Team strategy for 2017/18 be approved.**

## **Executive Summary:**

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2017/2018.

## **Reasons for Proposed Decision:**

To approve the Corporate Fraud Team's strategy for 2017 / 2018 as required by the Audit and Governance Committee Terms of Reference.

## **Other Options for Action:**

No other options.

## **Report:**

### **Introduction**

1. The Corporate Fraud Team became operational on 1 April 2015 with the intention of bringing a uniform approach to fraud investigation work within EFDC and ensure that the Council had adequate resources dedicated to anti-fraud activity.
2. This strategy summarises the key principles for the Corporate Fraud Team for the forthcoming 2017 / 2018 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 2015-20 strategic aims. These have been taken into account when developing the Corporate Fraud Strategy and Plan 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

- 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:

- 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

5. This strategy sets out the main focus of work that will be undertaken by the team during the period 2017 / 2018:

#### Proactive Work

6. The process of vetting 100% of Right to Buy Applications will continue into 2017 / 2018 due to the high levels of success already experienced in this area since its inception in 2014. It is envisaged that this process will become even more robust during the coming year due to the forthcoming availability of specialist software.

7. 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 2017/2018, the Corporate Fraud Team plan to embark on a proactive exercise targeting Non-Domestic Rates fraud such as falsely claimed exemptions for commercial properties with particular scrutiny of suspected so called "Phoenix" companies.

8. The team will seek the co-operation of its colleagues in the Housing department to undertake at least one tenancy audit focusing on properties and / or areas that are deemed to represent a higher level risk of social tenancy related fraud.

9. In addition to the above, the longer term process of engaging key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. Furthermore, this will enable 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.

10. 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. The Corporate Fraud Manager has undertaken a limited amount of community engagement work, however the possibility of longer term activities in this area are to be explored.

#### Reactive Work

11. 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.

12. The team will be continuing with its programme of engaging with other teams within the Council in order to provide advice and training etc. Currently, plans are in place to provide

training packages to 2 separate departments within the Council.

13. The “Know a Cheat in your Street” advertising campaign will also continue for the forthcoming year in order to heighten awareness and encourage members of the public to report fraud and abuse. This is to be done once more by the enclosing of 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.

14. 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.

15. 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 2017 / 2018

16. A review of the data matches that form part of the most recent National Fraud Initiative exercise is already underway with this area of work progressing into the new financial year. Any matches that potentially involve staff will be given priority closely followed by the remaining matches that are qualified as “high risk”.

#### Explore and pursue joint working / shared service arrangements

17. In the last couple of months, the team have entered into a joint working initiative with the anti -fraud team at Chelmsford City Council. Although to be operated on an informal basis in the first instance, the working relationship will focus on the sharing of investigative resources, exploring the potential for joint proactive initiatives and providing a “peer support” service for investigators. Initial contact has been made with a major social housing provider in the Chelmsford area with a view to exploring opportunities to advise them on social housing fraud and undertake Right to Buy verification work for them.

18. During 2016, the Corporate Fraud Team expanded its skillset by undertaking a Standards Investigation for which it was remunerated. Due to the success of this, the team will continue to make itself available to take on this type of work thus increasing its capacity for revenue raising activities.

19. The team will continue to provide training and advice to external organisations, however in addition to this; work has already commenced 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.

#### The use and promotion of Accredited Financial Investigator Services

20. Following this significant development which brings the ability for the Council to pursue any financial losses using The Proceeds of Crime Act, the Corporate Fraud Team have used this ability on three active criminal prosecutions. Furthermore, in line with last year’s strategy, the team’s Proceeds of Crime capabilities have been successfully marketed to other authorities with services currently being provided to a neighbouring Council. An appropriate Memorandum of Understanding has been drawn up (in association with Legal Services) which has been used on this particular occasion and will be the formal agreement for our provision of these services going forward.

21. The proactive use of Proceeds of Crime investigations will continue on EFDC

prosecutions where appropriate and continue to be actively promoted on a “bought in” basis to other Local Authorities and organisations.

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

22. The Corporate Fraud Team, have in the past 12 months founded The Eastern Corporate Fraud Group, which is to meet 4 times a year. The group aims 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. three successful meetings have already been held at North Weald Airfield with plans to move the group forward in the next 12 months by looking at opportunities for cross authority training etc.

#### Resources

23. The Corporate Fraud Team consists of a Corporate Fraud Manager, a Senior Investigator and two investigators. The investigator post which had remained vacant during the first year of operations whilst the team sought to establish itself was successfully filled in September 2016 with a fully qualified and experienced counter fraud investigator.

#### **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.