

Report to the Audit and Governance Committee



Report reference: AGC-004-2018/19
Date of meeting: 30 July 2018

**Epping Forest
District Council**

Portfolio: Technology and Support Services

Subject: Corporate Fraud Team Strategy 2018 / 2019

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

- (1) That the Corporate Fraud Team strategy for 2018 / 2019 be approved.

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2018 / 2019.

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's strategy for 2018 / 2019 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 and brings a uniform approach to fraud investigation work within EFDC and ensures that the Council had adequate resources dedicated to anti-fraud and corruption activity.
2. This strategy summarises the key principles for the Corporate Fraud Team for the forthcoming 2018 / 2019 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 Team 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 an innovative approach to the delivery of its services and that they are not comprised by fraud and corruption.

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 and corruption 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 2018 / 2019

Proactive Work

- The process of vetting 100% of Right to Buy Applications will continue into 2018 / 2019 due to the high levels of success already experienced in this area since its inception in 2014. The availability of further specialist software for use in this field means that it is envisaged that this process will become even more robust during the coming year.
- In line with the strategy of reviewing other areas of high fraud risk within the Council (especially those areas where fraud and / or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team will embark on proactive exercises targeting revenue such as Non-Domestic Rates fraud and fraud within Council Tax single person discounts. This area is already subject to scrutiny by the Council Tax department using methods such as data matching, however, the Corporate Fraud Team will work alongside the department to identify cases of more serious, persistent or organised fraud within the schemes. This will be undertaken with a view, where it is deemed appropriate, to prosecute the more serious cases rather than rely on sanctions.
- The team will continue to build on the good working relationship it already has with Housing Management. This is with a view to encourage closer working arrangements between the investigators and housing officer colleagues when dealing with issues surrounding suspected social housing fraud.
- As part of this, it is planned to undertake joint tenancy audits focusing on properties and / or areas that are deemed to represent a higher level risk of social

tenancy related fraud.

- 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.
- 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 Team undertakes some community engagement work; however the possibility of expanding these types of activities (including engagement work with the media) will be explored further during the coming year.

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 plans are in place to provide tailored training packages to a number of separate departments within the Council.
- 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 Council’s 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” as well as the corporate website and social media platforms.

6. 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 (NFI) Exercise

7. An on-going programme of reviewing the data matches that form part of the most recent National Fraud Initiative exercise is being utilised with this area of work progressing. This will continue to be the case with the next tranche of the NFI national exercise commencing in October 2018. In line with current procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified as “high risk”.

Explore and pursue joint working / shared service arrangements.

8. In September 2017, the Corporate Fraud Team commenced a joint working arrangement with Brentwood Borough Council (BBC) whereby an investigator from EFDC is deployed to work for BBC for two days per week providing investigatory work, advice and training. This arrangement is on a “paid for” basis and since September has proved to be highly effective for both Authorities. Aside from additional income, EFDC benefits from investigators honing their skills in investigations and training. A number of successful investigations have been carried out leading to positive results in the areas of social housing fraud, Council Tax fraud among others. This arrangement is subject to continued review by both EFDC and BBC and continues into 2018 / 2019.

9. 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 2018 / 2019.

10. In 2016, the Corporate Fraud Team began to expand its skillset by undertaking a Standards Investigation on behalf of EFDC (instead of bringing in an external expert) for which it was remunerated, with a further one carried out during 2017. 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 and allowing for diversification into other forms of investigation work outside of the traditional criminal area.

11. Furthermore, the Corporate Fraud Manager is currently exploring 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.

12. The team will continue to provide ad hoc training and advice to external organisations where requested. For example, the newly appointed Housing Fraud Officer at Harlow District Council has been work-shadowing EFDC investigators. Longer term such engagements could lead to more formal arrangements giving the possibility of further revenue raising opportunities.

13. These additional revenue streams are being used to ensure that the Corporate Fraud Team becomes as self funding as possible with a view to utilising this additional income to fund Council specific anti fraud initiatives. For example, the “Know a cheat in your Street” publicity campaign can now be funded from additional income whilst larger more resource intensive proactive exercises (Non Domestic Rates property checks for example) can be considered.

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

14. The Corporate Fraud Team continue to host the Eastern Corporate Fraud Group meetings, 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 in the next 12 months will be looking at opportunities for cross authority working

and training.

Resources

15. 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 and corruption 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 2 to the report.