

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-005-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council

Subject: Corporate Fraud Team Strategy 2020/21

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) The Corporate Fraud Team strategy for 2020 / 2021 be approved.**

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2020 / 2021

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's strategy for 2020/ 2021 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 brings a uniform approach to fraud investigation work within EFDC, ensuring the Council has adequate resources dedicated to anti-fraud activity.
2. This strategy summarises the key principles for the Corporate Fraud Team (CFT) for the forthcoming 2020 / 2021 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 2020 / 2021:

Proactive Work

- The process of vetting 100% of Right to Buy Applications will continue into 2020 / 2021 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. It has been found that each year since 2014, approximately one third of all applications are stopped / withdrawn as a result of fraud team involvement. For example, for the year 2018 / 2019, a total of 18 applications (out of 50) were stopped / withdrawn and as a result approximately £1.5 million of potential Right to Buy discount has been saved (based on the maximum discount amount (at that time) of £82,800). 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 million to the Council going forward. The regular increases in the maximum amount of discount available to tenants wishing to purchase their council properties means that the Right to Buy remains an attractive prospect to individuals who plan to abuse the system.
- In line with the strategy of reviewing other areas of high fraud risk within the Council, most notably where any fraud and / or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team plan to continue with already ongoing proactive exercises targeting Revenue. This includes areas such as Non-Domestic Rates fraud and fraud within Council Tax discounts and exemptions. Work undertaken in conjunction with the Council Tax department since 2018 has yielded

good results and resulted in a number of cases whereby previously uncollected revenue 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. Work has already commenced in conjunction with colleagues in the Housing, Estates and Land Team in order to undertake a long-term programme of ongoing Tenancy Audits for the forthcoming year and beyond.
- The ongoing process of engaging other key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. A programme arising from the activities undertaken by the team before Christmas 2019 as part of International Fraud Awareness Week has commenced with meetings with Service / Team Managers. 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 particular importance as the Council continues to evolve as part of the current transformation plan and 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. In conjunction with Human Resources, a project is to commence in order to devise an Anti-Fraud E-Learning Module with a view to becoming part of a mandatory fraud awareness session for all new starters as part of their induction into working for the Council. It is also planned for a variation of this module to become available to Members.
- In the next 12 months, the CFT also wish to engage further within the outside community (for example, attending meetings of resident's associations etc.) in order to promote the service and raise awareness of fraud issues affecting the Council. This will be done with a view to forging ongoing links within the community and as a useful vehicle for undertaking the research needed for a new advertising campaign (as referenced in the next section).
- The CFT in conjunction with colleagues from the Internal Audit service are planning to undertake a number of "Fraudits" in the forthcoming year targeting areas that are either outside the scope of the Audit plan, have not been looked at in the last two to three years or have been identified as being a potential risk for fraud or abuse.

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. As part of the aforementioned Tenancy Audit collaboration with Housing, anti-fraud training is to be undertaken with all Housing staff participating the Tenancy Audit processes.
- The “Know a Cheat in your Street” advertising campaign has been run successfully over the last six years and has been instrumental in heightening awareness and encourage members of the public to report fraud and abuse. This has been achieved by enclosing leaflets in the run of Council Tax / Non-Domestic Rates Bills and making use of other resources such as the EFDC website and the Council’s social media presence. In order to “freshen up” and keep the campaign relevant, work is to commence (in conjunction with the Corporate Communications Team) to explore new designs and ideas with a view of rolling out a new leaflet and media campaign in time for the 2021 / 2022 Council Tax billing run.
- 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 work in this area (including the periodic data set updates) is an incorporated part of the CFT work programme for 2020 / 2021. 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 continue to 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. In the last 12 months, CFT officers have also assisted Brentwood Council with three internal investigations including one

successful disciplinary investigation. This arrangement is subject to continued review by both EFDC and Brentwood and is set to continue into 2020 / 2021.

- 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 18 months, the team has also embarked on a similar initiative with Harlow Council which will continue into 2020 / 2021.

Other areas of work

Since 2016 the Corporate Fraud Team has utilised its skillsets by undertaking a number of Standards Investigations on behalf of the Council’s Monitoring Officer 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.

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. Due to the CFT’s activities, several pieces of chargeable work (in the form of interview transcriptions) have been undertaken by the Business Support Team for which they have charged the respective customers.

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

All members of the Corporate Fraud Team are 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

Several longer-term projects are currently being considered for 2020/ 2021 and beyond. These include:

- Consultation is ongoing 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. This may also lead to a training programme for recruiting managers.
- 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 Team Manager and three investigators. All the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

Covid 19 “Coronavirus” Pandemic

Since the initial draft of this strategy in early March 2020, the business operations of the Council have changed dramatically as a result of the Covid 19 pandemic. This has meant that the Corporate Fraud Team has had to revise a number of it’s normal working practices, most significantly that relating to visiting property and premises in order to carry out enquiries, interviews etc. At present, the team is not conducting any visits in line with the current guidance and as a result, these circumstances are impacting the team’s ability to carry out a number of the actions contained within this strategy document. However, the strategy is only indicative and can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Chair of the Audit and Standards Committee’s attention in the first instance, due to the current fast pace of change, and notified to the next available Committee for formal approval.

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.