



Report for: APPROVAL
Item Number:

Contains Confidential or Exempt Information	NO
Title	Counter Fraud Work Plan 2014/15
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Portfolio	Finance & Performance, Cllr Johnson
For Consideration By	Audit Committee
Date to be Considered	20 March 2014
Implementation Date if Not Called In	N/A
Affected Wards	All
Area Committees	N/a
Keywords/Index	Counter Fraud, Plan

Purpose of Report:
 This report outlines the proposed planned work of the Fraud Team for the year 1st April 2014 to 31st March 2015.

1. Recommendation

It is recommended that Audit Committee approves the planned programme of work for 2014/15.

2. Reason for Decision and Options Considered

The Counter Fraud Work Plan has been developed in line with the applicable guidance; it reflects the alignment of Fraud Team objectives at the London Borough of Ealing and the London Borough of Hounslow as part of the continuing Audit and Investigations partnership between the two councils.

3. Key Implications

The 2014/15 Plan is an indicative Plan which is kept under review to ensure that it is aligned to emerging risks. It is subject to revisions during the year with approval from the Audit Committee.

3.1 Delivery and Performance Targets

Proposed delivery and performance targets are set out within the Plan at Appendix A.

4. Financial

The revenue budget for the Fraud team for 2014/15 is in line with the previous year. Service costs will continue to be reviewed as part of the monthly budget monitoring process.

4 Legal

Counter Fraud work is carried out in compliance with criminal and civil law and criminal investigation procedures relevant to investigation work including: the Police and Criminal Evidence Act (PACE) 1984, the Criminal Procedure and Investigations Act (CPIA) 1996, the Social Security Administration Act 1992 (as amended), the Human Rights Act 1998, the Regulation of Investigatory Powers Act (RIPA) 2000, the Anti-Terrorism Crime and Security Act 2001, the Public Interest Disclosure Act 1998 and relevant Employment Law.

6. Value for Money

Compliance with best practice guidance ensures that the requirements of the Accounts and Audit Regulations 2011 are met.

7. Sustainability Impact Appraisal

Not applicable.

8. Risk Management

Strong corporate governance including counter fraud and corruption should minimise officer distraction from key corporate objectives as a result of governance failure(s).

9. Community Safety

Not applicable.

10. Links to Strategic Objectives

The issues outlined in this report have a particular focus on the Council's ability to ensure it protects public funds and provides value for money.

11. Equalities and Community Cohesion

An initial Equalities Impact assessment has been conducted and approved in relation to the Counter Fraud and Corruption Policy.

12. Staffing/Workforce and Accommodation implications:

Not applicable.

13. Property and Assets

Not applicable.

14. Any other implications

None.

15. Consultation

Not applicable.

16. Timetable for Implementation

This plan is for the year commencing 1 April 2014.

17. Appendices

Appendix A: Counter Fraud Work Plan

18. Background Information

Past counter fraud papers are available upon request from Ewan Taylor, taylor@ealing.gov.uk



Counter Fraud Work Plan 2014/15

March 2014

Introduction

This document sets out the Council's Counter Fraud work plan for the 2014/15 financial year.

The key challenge in responding to fraud risk is that no two frauds are the same. Fraud comes in many forms and from many sources, be it tenancy, benefit or corporate fraud. The Counter Fraud team needs to be responsive to new challenges as well as proactive in detecting fraud to enable recovery of Council funds from known sources. An important element of the role of the team is preventative – being a visible presence within the Council and across the borough, working alongside the police and DWP to raise public awareness and prevent fraud before it occurs.

The London Borough of Ealing supports the London Borough of Hounslow to maintain a team of dedicated counter fraud professionals to cover both Councils. This team gathers intelligence and carries out investigations of corporate, benefits and tenancy frauds.

The Council has a zero tolerance policy on fraud and seeks to punish all those who have committed fraudulent acts against the Council. The Council's Counter Fraud team works to identify losses to be recovered and, where appropriate, will take recovery action in accordance with the Proceeds of Crime Act through financial investigations.

This zero tolerance policy seeks to reassure the users of Council services and employees of the Council that we take a tough stance against fraud.

This plan represents an evolution of the 3 year strategic plan approved by the Audit Committee in March 2013. As a result of the Audit and Investigation partnership between the London Boroughs of Ealing and Hounslow, the work of the Counter Fraud teams is being aligned under a common set of objectives and workplan.

Counter Fraud team objectives and targets for 2014/15

The Counter Fraud team has the following objectives for the coming year:

- Embedding the partnership working arrangement with the London Borough of Hounslow
- Implementing a further smarter focus on outcomes, prioritising resources where the greatest impact is most likely to be achieved.
- Developing the capability of the team in relation to both Corporate Fraud and the Proceeds of Crime Act.

These objectives will be delivered through the work programme outlined in the following section. The performance of the team will be measured against the targets set out in the table below. These targets have been set based on a 3-year rolling average of actual performance, adjusted for some staff vacancies which will be held until more information is available about the establishment of the Single fraud Investigation Service.

The Employee Vetting targets remain in line with the previous year, i.e. 90% of cases to be completed within 20 days of the EV team receiving the referral and supporting documentation from HR.

Counter Fraud Team performance targets

	Target 2014/15	Forecast Outturn 2013/14*	Target 2013/14
Intelligence			
Number of new cases started	1,000	1,004	1,023
Number of cases passed for investigation	500	616	501
Investigation, benefit			
Number of completed investigations (‘Accepted’ cases closed)	300	473	259
Number of cases where fraud established (balance of probabilities)	130	154	144
Number of cases where sanction applied (prosecution, caution, administrative penalty)	88	105	113
Fraudulent benefit overpayment	£1,500,000	£2,513,033	£1,063,477
Investigation, corporate			
Number of completed investigations (‘Accepted’ cases closed)	179	206	209
Number of cases where fraud established (balance of probabilities)	66	62	78
Number of cases where sanction applied (prosecution, caution, administrative penalty, disciplinary)	33	47	39
Number of council properties recovered	20	19	19
Value of loss proved (any benefit overpayment included above)	£375,000	£776,314	£251,163

*As at 10 March 2014.

Alongside the sanctions targets, the Counter Fraud team will seek to maximise the recovery of Council assets and this will be supported by an investment in the team’s capability to

undertake work under the Proceeds of Crime Act. Performance will be reported to the Audit Committee throughout the year.

Counter Fraud Work Programme for 2014/15

The National Fraud Authority recommends a three strand approach to countering fraud. The Council has an Anti-Fraud and Corruption Strategy which links our stance on fraud to the three strands and is the basis of this work programme.

Acknowledge	Prevent	Pursue
<i>Acknowledging and understanding fraud risks</i>	<i>Preventing and detecting fraud risks</i>	<i>Being stronger in punishing fraud and recovering losses</i>
<ul style="list-style-type: none"> Assessing and understanding fraud risks Committing support and resource to tackling fraud Maintaining a robust anti-fraud response 	<ul style="list-style-type: none"> Making better use of information and technology Enhancing fraud controls and processes Developing a more effective anti-fraud culture 	<ul style="list-style-type: none"> Prioritising fraud recovery and the use of civil sanctions Developing capability and capacity to punish fraudsters Collaborating across local authorities and with law enforcement

Acknowledge

Activity	Detail	Target outcomes
Right to Buy	Since the implementation of the £100,000 discount in April 2013, Right to Buy frauds have increased. We will work with the Right to Buy team to conduct a detailed check into applicants who have, and are in the process of purchasing their council property.	To identify instances of fraud or to give assurance that the current processes the council operates with regards to processing right to buy applications are mitigating fraud risks.
Concessionary Travel	Fraud risks within the area of concessionary travel have been identified by a number of London boroughs.	To identify instances of fraud or to give assurance that the current processes the council operates with regards to processing concessionary travel applications are mitigating fraud risks.

Activity	Detail	Target outcomes
Social Housing Fraud	<p>We will seek to tackle areas of social housing fraud risk.</p> <p>The Audit Commission and the National Fraud Authority have identified tenancy fraud as the greatest loss to Local Government, estimation that nationally, this type of fraud costs councils £845 million annually.</p> <p>The Council has been awarded funding by the Department for Communities and Local Government for the purpose of combating fraud in the social housing stock.</p>	<p>We will aim to prevent and detect false applications for housing and reduce fraud risk in temporary accommodation, including through the use of the data sharing arrangements with other councils.</p> <p>We will undertake criminal prosecutions where appropriate having regard for the Fraud Act 2006 and the Prevention of Social housing Fraud Act 2013 and raise awareness of the problem of social housing fraud and the damage it does.</p>

Prevent

Activity	Detail	Target outcomes
To continue to deliver Fraud Awareness training and to raise awareness of the team's activities across the Council, in order to identify new areas of activity for us.	This work seeks to raise the profile of counter fraud, additionally we will seek to reinforce messages about the standards of behaviour expected from staff, ways to consider fraud risks and how and when to report suspicions of fraud. We will also ensure key messages from recent National Fraud Authority and Audit Commission publications are included. This is a vital means of shaping the culture of the organisation.	<p>Managers and staff are aware of fraud risk and the key messages are disseminated to teams.</p> <p>We will request feedback from delegates on fraud awareness training courses</p>
To undertake a publicity campaign within the community to raise the profile of the Council's counter fraud team and fraud hotline.	We will deliver a campaign during the year that will publicise the fraud hotline and the fact that the Council takes fraud and corruption seriously.	We will record the source of referrals in order to help gauge the success of the publicity.

Pursue

Activity	Detail	Target outcomes
<p>We will allocate resources to investigate anomalies raised by the Audit Commission's National Fraud Initiative data matching exercise.</p>	<p>The Audit Commission initiative is run every two years, although ad hoc matches are now also conducted throughout the intervening years.</p> <p>During 2014/15 we will be investigating various anomalies, including overpayments of benefits across a range of data matches that will be provided to the council.</p> <p>We will work with internal departments and external organisations in order to undertake risk assessments on the matches we have received. Where appropriate we will conduct investigations and report outcomes.</p>	<p>To identify fraud, error and overpayments. Please see specific targets on page 3.</p>
<p>We will carry out large scale, pro-active counter fraud operations in order to raise the profile of the team in the community and with other stakeholders. In order to detect cases of fraud that are not otherwise identified.</p>	<p>We will carry out at least one operation per quarter, based on intelligence, local knowledge and previous experience.</p>	<p>Blue badge enforcement, recover social housing and apply sanctions as necessary.</p> <p>Raise the profile of the Counter Fraud Team's partnership working.</p>
<p>We will assist in the verification of the identity of callers to the council who are claiming benefits or applying for council housing through the use of ID scanners.</p>	<p>The Credit Industry Fraud Advisory Service (CIFAS) recently reported the results of a poll that indicated people's greatest fear is having their personal information stolen and used for impersonation. We will provide support to the Customer Services team in order to verify identity documents that are presented in order to claim for benefits and housing.</p>	<p>We hope to reassure the vast majority of callers to the Council's front line service that we are aware of the risk of identity fraud and we are seeking to tackle it. In addition, this sends a deterrent message to would be fraudsters.</p>
<p>Continue to investigate instances of benefit fraud involving Housing Benefit, Council Tax Benefit and the Council Tax Reduction Scheme.</p>	<p>We will continue to publicise activity to benefit staff. We will work closely with our partners in the Department for Work and Pensions (DWP) and participate in the Housing Benefit Matching Service (HBMS) and the National Fraud Initiative (NFI) data match.</p>	<p>To identify fraud and apply sanctions where required.</p>