



**Report for:  
Approval**

**Item Number: 12**

<b>Contains Confidential or Exempt Information</b>	No
<b>Title</b>	Counter fraud, Intelligence and Investigation work plan 2016/17
<b>Responsible Officer</b>	Steven Tinkler, Head of Audit & Investigation
<b>Author</b>	Steven Tinkler, Head of Audit & Investigation, ext 8571, Tinklers@ealing.gov.uk
<b>Portfolio</b>	Cllr Yvonne Johnson - Finance, Performance and Customer Services
<b>For Consideration By</b>	Audit Committee
<b>Date to be Considered</b>	15 March 2016
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Counter fraud, intelligence and investigation plan

**Purpose of Report:**

The report outlines the proposed planned work of the Fraud Team for the year 1 April 2016 to 31 March 2017.

## **1. Recommendation**

- 1.1 It is recommended that the Audit Committee approves the planned programme of work for 2016/17 (Appendix A)

## **2. Reason for Decision and Options Considered**

- 2.1 The Counter Fraud Work Plan has been developed in line with the applicable guidance; it reflects the alignment of Fraud Team objectives at London Borough of Ealing, London Borough of Hounslow and London Borough of Brent.

## **3. Key Implications**

- 3.1 The 2016/17 Plan is an indicative plan which is kept under review to ensure that it is aligned to emerging risks. It is subject to revision during the year with approval from the Audit Committee.

## **4. Performance against existing targets**

- 4.1 Proposed delivery and performance targets are set out within the Fraud Plan (Appendix A)

## **5. Financial**

- 5.1 Service costs will continue to be contained within the Audit & Investigation budget.

## **6. Legal**

- 6.1 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, Fraud Act 2006, Proceeds of Crime Act 2002.

## **7. Value for Money**

- 7.1 Compliance with best practice guidance ensures that the requirements of the Accounts and Audit Regulations 2011 will be met.

## **8. Sustainability Impact Appraisal**

8.1 Not applicable

## **9. Risk Management**

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

## **10. Community Safety**

10.1 Not applicable.

## **11. Links to Strategic Objectives**

11.1 The issues outlined in this report have a particular focus on the Council's organisational improvement objective 'Becoming a high performing organisation, focused on the needs of its communities'.

## **12. Equalities and Community Cohesion**

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

## **13. Staffing/Workforce and Accommodation implications**

13.1 Not applicable.

## **14. Property and Assets**

14.1 Not applicable.

## **15. Any other implications**

15.1 None.

## **16. Timetable for Implementation**

16.1 Not applicable.

## **17. Appendices**

17.1 Appendix A: Fraud Plan 2016/17

## 18. Background Information

18.1 Past counter fraud papers are available upon request from Steven Tinkler, tinklers@ealing.gov.uk.

### Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Ian O'Donnell	Executive Director of Corporate Resources	25/02/16	25/02/16	Throughout
Maria Christofi	Director of Finance (Deputy s151 Officer)	25/02/16	25/02/16	Throughout
Cllr Yvonne Johnson	Portfolio Holder – Finance, Performance & Customer Services	07/03/16		

### Report History

Decision type:	Urgency item?		
For approval	No		
Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
Report no:	Report author and contact for queries: Steve Tinkler, Head of Audit & Investigation, ext 8571		



## **Counter Fraud Work Plan 2016/17**

**February 2016**

## **Introduction**

This document sets out the Council's Counter Fraud work plan for the 2016/17 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. The Counter Fraud Team needs to be prepared for, and responsive to, new fraud risks and 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, by being a visible presence within the Council and across the borough, working alongside external agencies including the Police and the Department for Work and Pensions (DWP) to raise public awareness and prevent fraud before it occurs.

The Counter Fraud Team is provided by a shared service which covers the London Boroughs of Hounslow, Brent and Ealing. The sharing of resources, experience and expertise helps to ensure that the Council has cohesive and resilient counter fraud arrangements in place to effectively respond to change and the always present risk of public sector fraud.

The team remains responsible for all aspects of counter fraud and prosecution activity across the council, including but not limited to:

- Corporate fraud matters in relation to offences committed by employees;
- Procurement fraud by employees, contractors or other third parties;
- Fraud within schools;
- Housing related fraud in relation to applications, occupancy, sub-letting and Right To Buy applications;
- Council Tax Reduction Scheme applications;
- Blue Badges; and
- School placement applications.

The Council maintains 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 following 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.

## **Counter Fraud team objectives and targets for 2016/17**

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

- Developing the shared service hosted by London Borough of Ealing and also covering the London Boroughs of Hounslow and Brent;
- Maintain and promote a continued cohesive approach for the delivery of Counter Fraud activity within the Council;
- Completion of cross borough proactive Counter Fraud activity including for example hosting of a counter fraud conference targeting fraud within Schools.
- Implementing a smarter focus on outcomes, prioritising resources where the greatest impact is most likely to be achieved

- Developing the capability and capacity of the team in relation to both Corporate Fraud and the Proceeds of Crime Act
- Undertaking targeted pro-active fraud operations

These objectives will be delivered through the work programme outlined in the following section. The performance of the team will be measured against the following sanction targets:

- Sanctions: 68

Sanctions include: prosecution, caution accepted, council tax reduction penalty, disciplinary penalty, Blue Badge warning, Right To Buy application refused, school placement application refused, tenancy application refused and tenancy recovered.

Alongside the sanctions targets, the Counter Fraud Team will seek to maximize 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 2016/17

In its publication The Local Government Fraud Strategy, The National Fraud Authority recommended 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"> <li>• Assessing and understanding fraud risks</li> <li>• Committing support and resource to tackling fraud</li> <li>• Maintaining a robust anti- fraud response</li> </ul>	<ul style="list-style-type: none"> <li>• Making better use of information and technology</li> <li>• Enhancing fraud controls and processes</li> <li>• Developing a more effective anti-fraud culture</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritising fraud recovery and the use of civil sanctions</li> <li>• Developing capability and capacity to punish fraudsters</li> <li>• Collaborating across local authorities and with law enforcement</li> </ul>

## Acknowledge

Activity	Detail	Target Outcomes
Right to Buy	<p>In the publication Protecting the Public Purse, detected Right to Buy fraud cases for 2014 were worth £12.3 million.</p> <p>We will continue to work with the Right to Buy team to conduct detailed risk based checks into applicants who are in the process of purchasing their council property.</p>	<p>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.</p>
Business Rates	<p>Business Rates continues to be a known fraud risk area.</p> <p>We will work with the Business Rates team to conduct visits to businesses and properties within the borough where exemptions and discounts have been applied. The visits will help ensure that exemptions and discounts have been claimed correctly.</p>	<p>To identify instances of fraud or to give assurance that the current processes the council operates with regards to business rates exemptions and discounts are mitigating fraud risks.</p> <p>This will also raise the profile of the Council's Counter Fraud Team within the local business community.</p>
Concessionary travel	<p>Fraud risks within the area of concessionary travel have been identified by a number of London boroughs. The National Fraud Authority in their Review of Fighting Fraud Locally includes a case study of an exercise undertaken by a London Borough which identified fraud in this area.</p>	<p>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.</p>

Activity	Detail	Target Outcomes
Social Housing Fraud	<p>We will seek to tackle areas of social housing fraud risk. This includes Housing applications, allocations, the housing waiting list, temporary accommodation and Right To Buy.</p> <p>The Audit Commission has identified tenancy fraud as the greatest loss to Local Government, estimating that nationally this type of fraud costs councils £900 million annually.</p>	<p>We will aim to prevent and detect false applications for housing and reduce fraud risk in temporary accommodation.</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>
School Fraud	<p>The Audit Commission has stated that the number of fraud cases detected in maintained schools have risen by 6 per cent, and is worth £2.3 million.</p> <p>These frauds are generally committed by staff. We will seek to tackle this risk of fraud by working with the schools to address weak governance, and respond to concerns.</p>	<p>To identify instances of fraud or to give assurance that the current processes the school operates are mitigating fraud risks.</p>
Procurement	<p>In 2013/14 councils nationally detected 127 cases of procurement fraud worth about £4.5m.</p> <p>There is concern that organised crime is more prevalent in procurement fraud than in other fraud types.</p>	<p>We will be alert to the risk of procurement fraud and deal effectively with any detected cases.</p>
Personal Budget	<p>As the use of personal budgets has expanded since 2007 the number of cases of detected fraud has also risen. In 2013/14 these cases nationally were worth £6.2m.</p>	<p>We will be alert to the risk of fraud and will ensure that proper safeguards are in place proportionate to risk and in line with good practice.</p>

Activity	Detail	Target Outcomes
Council Tax Discount	Councils nationally detect more Council Tax discount fraud than any other type of non-benefit fraud. Despite having the lowest average value of non-benefit frauds, in 2013/14 these cases were worth £16.9m.	We will continue to investigate cases of Council Tax Discount fraud and impose appropriate sanctions.

## 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.	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 publications are included. This is a vital means of shaping the culture of the organisation.	Managers and staff are aware of fraud risk and the key messages are disseminated to teams.  We will request feedback from delegates on fraud awareness training courses
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. In addition to a poster campaign in the community we will seek to use notice boards within Perceval House itself.	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 National Fraud Initiative data matching exercise.</p>	<p>The initiative is run every two years, although ad hoc matches are now also conducted throughout the intervening years.</p> <p>During 2016/17 we will be investigating various anomalies 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.</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 would 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>

Activity	Detail	Target outcomes
We will undertake an exercise to verify the identity of prospective employees.	The Credit Industry Fraud Advisory Service (CIFAS) 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 Human Resources in order to verify identity documents that are presented to them as part of the recruitment process.	We hope to reassure the Council that we are aware of the risk of identity fraud and we are seeking to tackle it. In addition, this type of exercise sends a deterrent message to would be fraudsters.
Investigate instances of Council Tax Reduction Scheme fraud.	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.	To identify fraud and apply sanctions where required.

## A&I, Performance Indicators, 2016/17

	2015/16 target	2015/16, actual to February	2016/17 target
<b>Intelligence</b>			
Number of new cases started	550	399	<b>550</b>
Number of cases passed for investigation	375	213	<b>375</b>
Average time from receipt of referral to 'Accepted' and forwarded for investigation	16 days	23 days	<b>16 days</b>
<b>Investigation</b>			
Number of completed investigations	250	198	<b>250</b>
Number of cases where fraud established (balance of probabilities)	68	43	<b>68</b>
Number of sanctions applied (includes: Prosecution; Police caution; Disciplinary action; Tenancy application refused; Right To Buy application rejected; Council property recovered; Council Tax Reduction Scheme penalty; Blue Badge warning)	68	32	<b>68</b>
Number of council properties recovered (included above)	20	8	<b>20</b>
Proceeds of Crime Act financial recovery (new target)	N/a	N/a	<b>£75,000</b>

It is recognised that the current performance against target is not being achieved during 2015/16, largely due to the estimated impact of the transfer of Housing Benefit and Council Tax Benefit related fraud matters to the Department for Work and Pensions.

However due to the work within the shared service to harmonise our counter fraud approach across three boroughs we are working to broaden the counter fraud activities to include new areas not previously explored, e.g. No Recourse To Public Funds and Council Tax Reduction Scheme.

Therefore we are confident that the targets above will be achieved during 2016/17.