

Committee: Governance, Audit and Performance Committee

Date:

Tuesday, 24 March 2020

Title: Counter Fraud & Corruption Work and Annual Fraud Plan

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Summary

1. The purpose of this report is to update members on the counter fraud and corruption work undertaken since the previous report to this committee in February 2019 and present the Annual Fraud Plan for 2020/21.

Recommendations

2. The Committee is requested to note this report and the Annual Fraud Plan.

Financial Implications

3. None. There are no direct financial implications

Background Papers

4. None.

Impact

- 5.

Communication/Consultation	The Counter Fraud & Corruption Work and Annual Fraud Plan referred to in this report has been agreed with Corporate Management Team and will be discussed with the Senior Management Team at its meeting 25 March 2020
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. Internal Audit is responsible for promoting the Council's counter-fraud and corruption strategy and policies and our objective is to raise internal and external awareness of fraud and corruption and of the various actions that the council is taking to prevent, identify and counteract it. These include the Internal Audit Manager chairing of the Counter Fraud Working Group (CFWG), Fraud & Bribery Risk Assessments, revision of the Council's Corporate Counter-Fraud & Corruption Strategy and Policies and co-ordination of the Council's National Fraud Initiative (NFI) data matching exercises.
7. Internal Audit is responsible for investigating all corporate fraud allegations; Housing Services are responsible for investigating allegations relating to housing tenancy fraud; the Revenues Team Compliance Officers are responsible for investigating allegations of fraud relating to Local Council Tax Support. Benefit fraud is investigate by the DWP.

Counter Fraud Working Group

8. Since the last report to this committee, the Council's Counter Fraud Working Group (CFWG) has met in August 2019 and January 2020, the meetings have reviewed the National Fraud Initiative (NFI) work; reviewed the Fraud Risk Assessment 2019; reviewed, revised and published Counter Fraud & Corruption Strategy and Policies; and received reports on counter fraud work throughout the Council. The CFWG Terms of Reference and meeting minutes can be made available to members on request.
9. The revised Council's Counter Fraud Strategy and Policies were published in April 2019 and are available on the Counter Fraud & Corruption pages on the council's website.
10. There are a number of initiatives to assist local authorities in their counter fraud activities; the most applicable of these for this authority is the CIPFA Fighting Fraud & Corruption Locally Strategy 2016-2019 published by the CIPFA Counter Fraud Centre; this is currently under review and an updated strategy expected to be published shortly.

Fraud Risk Assessment 2019

11. During June / July 2019, Internal Audit carried out Fraud Risk Assessment of the Council's current level of counter fraud activities and fraud awareness using the checklist based on that published in CIPFA's Fighting Fraud & Corruption Locally (FFCL).

12. The overall conclusion is that the Council is demonstrating an increasing level of fraud awareness and prevention and has an acceptable level of risk, but further action should be considered if it is to meet all of the requirements of the current CIPFA's Fighting Fraud & Corruption Locally checklist.
13. The FFCL checklist contains 34 individual statements. The Council's overall position for each statement has been assessed from the collated responses as YES / NO / PARTIAL. The overall results from the 2019 assessment are:

FFCL CHECKLIST STATEMENTS				
YEAR	total	YES	NO	PARTIAL
2019	34	23	2	9
		68%	6%	26%
2017	34	18	3	13
		53%	9%	8%

14. The results of the assessment were reported to CMT in November 2019 and included 8 recommendations aimed at improving the Council's levels of effectiveness in fraud risk awareness, prevention and investigation.
15. The Management Action Plan to address the recommendations was agreed with CMT and CFWG.
16. To date, 5 of the recommendations have been fully implemented and 3 partially implemented; details of the recommendations and actions taken to date can be made available to members on request.
17. Further progress on the implementation of recommendations will be reviewed by CFWG and CMT during 2020/21 and reported in the next report to this committee in February 2021
18. The Cabinet Office is responsible for the National Fraud Initiative (NFI); this is a data matching exercise which matches information provided by 1,200 participating organisations from across the public and private sectors to identify potentially fraudulent claims, errors and overpayments etc. for investigation by those organisations.
19. All district councils are required to participate in NFI exercises, each council appointing a NFI Key Contact responsible for coordinating and monitoring the overall exercises within their council and providing feedback on outcomes. The Internal Audit Manager is the Council's NFI Key Contact and has responsibility for coordinating all NFI exercises.
20. There are two NFI exercises in which the Council participates:
- the main NFI Exercise which takes place every two years and

- the Council Tax Single Person Discount Exercise which takes place annually.

21. From the 2018/19 NFI Exercise, the Council received 66 reports containing a total of 960 potential fraud data matches which were allocation to the relevant services during 2019 for checking and investigation.

22. To date checks undertaken have identified:

- 4 errors (value £4,454) and
- 1 fraud (value £16,807)

23. From the 2018/19 Council Tax Single Person Discount Exercise, the Council received 4 reports containing a total of 2959 potential fraud data matches which were allocated to the Revenues Team Compliance Officers for checking and investigation.

24. The Council participates in a monthly county wide data matching of Council Tax and Electoral Register, due to this checks are not been carried out on the NFI report which contains 365 matches.

25. To date checks undertaken on 2603 matches on the 3 remaining reports have identified:

- for Rising 18s 6 errors (value £5,150)
- for Single Person Discounts 2 errors (value £975)
- for HMRC to Household composition 11 errors (value £10,125)

26. Data was submitted in January 2020 for the main 2019/20 Council Tax Single Person Discount Exercise. The Council has received 1698 potential fraud data matches on which checking and investigation work has now commenced.

27. The total cost of officer time spent of fraud investigation work during 2019/20 will be published on the Transparency Pages of the Council's website after 31 March 2020.

Annual Fraud Plan 2020/21

28. During 2020/21 the Council be undertaking the following counter fraud work:

ACTION	RESPONSIBILITY	DATE
NFI 2020/21 MAIN EXERCISE - EXTRACTION, COLLATION AND UPLOADING OF REQUIRED DATA SETS	NFI KEY CONTACT RELEVANT SERVICE MANAGERS	TIMETABLE TO BE PUBLISHED BY CABINET OFFICE, ASSUMED OCTOBER 2020

NFI 2020/21 MAIN EXERCISE - RECEIPT OF MATCHES AND CO-ORDINATION OF UDC CHECKS BY SERVICES	NFI KEY CONTACT RELEVENT SERVICE MANAGERS	TIMETABLE TO BE PUBLISHED BY CABINET OFFICE, ASSUMED FEBRUARY 2021
NFI 2019/20 COUNCIL TAX SPD EXERCISE - REVIEW OF MATCH CHECKS	NFI KEY CONTACT RELEVENT SERVICE MANAGER	MAY 2020
NFI 2022/21 COUNCIL TAX SPD EXERCISE - EXTRACTION, COLLATION AND UPLOADING OF REQUIRED DATA SETS	NFI KEY CONTACT RELEVENT SERVICE MANAGERS	TIMETABLE TO BE PUBLISHED BY CABINET OFFICE, ASSUMED DEC 2020
CFWG MEETINGS	AUDIT MANAGER RELEVENT SERVICE MANAGERS	JUNE 2020 SEPT/OCT 2020 JAN/FEB 2021
WHISTLE BLOWING POLICY - REVISION & PUBLICATION	AUDIT MANAGER A/D GOVERNANCE & LEGAL	IN PROGRESS
COUNTER FRAUD AWARENESS PUBLICITY CAMPAIGN	CFWG RELEVENT SERVICE MANAGERS	JULY/AUG 2020
REVIEW OF E-LEARNING PACKAGES COUNTER FRAUD, BRIBERY AND MONEY LAUNDERING E-LEARNING	AUDIT MANAGER A/D GOVERNANCE & LEGAL HR OFFICER MANAGER	IN PROGRESS
CORPORATE FRAUD INVESTIGATION WORK	INTERNAL AUDIT	AD HOC
AD HOC LOCAL COUNCIL TAX SUPPORT FRAUD INVESTIGATION WORK	COMPLIANCE OFFICERS	AD HOC
AD HOC HOUSING FRAUD INVESTIGATION WORK	HOUSING SERVICE	AD HOC

Risk Analysis

29.

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it fails to actively commit to a counter-fraud and corruption strategy	2 = Some risk if public and staff unaware of counter-fraud and corruption commitment	3 = Significant risk of financial loss / penalties and reputation	Participation in NFI Initiatives Corporate Counter Fraud & Corruption Strategy and Policies Counter Fraud Working Group Regular Fraud Risk Assessments

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.