

Counter Fraud Update

Gravesham Borough Council

For the period:

1 April – 31 July 2022

1. Introduction

- 1.1 The Internal Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The team provides internal audit assurance and consultancy, proactive counter fraud and reactive investigation services, and the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud
- 1.2 The Counter Fraud team reports periodically to senior management and the Finance & Audit Committee to provide updates on all counter fraud activity and the results of completed investigations.

2. Executive Summary

- 2.1 The first four months of 2021-22 have been productive in terms of planned work and also training. Our two investigators continue to progress well through their apprenticeship while our newest Intelligence Analyst has recently completed training that has resulted in her becoming an Accredited Counter Fraud Technician. The Counter Fraud Manager has also completed a course and awaits her official Certificate in Fraud Risk Management.
- 2.2 A range of activities around fraud prevention and awareness have either commenced or will shortly be starting, including the first stages of fraud risk assessments across key areas of the council. Service introductions have taken place with officers attending team meetings in other services to talk about the role of the counter fraud team and making arrangements for fraud awareness sessions, one of which is now set for late August, specific to their area of responsibility.
- 2.3 Good progress has been made with clearing the backlog of work arising from the various National Fraud Initiative exercises and while this has prevented other pro-active work being undertaken, the up-to-date position means that other pro-active activity to identify potential fraud could be undertaken later this year.
- 2.4 Investigative activity has continued and cashable savings of £97,841 have been identified during the reporting period. The team continue to progress a number of investigations into various fraud types, including revenues and housing but there have been no requests to investigate any internal matters.
- 2.5 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to within set timescales.

3. Resources

- 3.1 The Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The Counter Fraud team consists of; the Head of Internal Audit & Counter Fraud (0.35FTE), one Counter Fraud Manager, two Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (1.86FTE).
- 3.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway, with the remaining 36% for Gravesham. The establishment at the time the Counter Fraud Plan for 2022-23 was prepared, was forecasted to provide a total of 691 days available for counter fraud work (net of allowances for leave, training, management, administration etc.) The Counter Fraud Plan for Gravesham was prepared with a resource budget of 249 days for counter fraud work.
- 3.3 Net staff days available for Gravesham for the period 1 April to 31 July 2022 amounted to 118 days and 109 days (93%) were spent on chargeable counter fraud work. Of this chargeable time, 3 days (3%) was spent on fraud awareness and prevention activity, 11 days (10%) on pro-active counter fraud activity, 90

days (82%) on reactive investigation activity and 5 days (5%) on other counter fraud activity. The current status and results of work carried out are detailed at section 4 of this report.

4. Results of Counter Fraud work

- 4.1 The Counter Fraud Plan 2022-23 for Gravesham was approved by the Finance & Audit Committee in March 2022. The Plan is intended to provide a clear picture of how the council will use the Counter Fraud resource, reflecting all work to be carried out by the team for Gravesham during the financial year.
- 4.2 The tables below provide details of the progress of work undertaken as part of the 2022-23 annual plan and the results of investigative work completed during the period.

Fraud Awareness & Prevention

Ref	Activity	Days used	Current status	Summary of activity
1	Fraud Risk Assessments	N/A	In progress	The Counter Fraud Manager completed a fraud risk assessment course with CIPFA in June and draft assessments are being commenced to try and map inherent risk scores specifically in relation to fraud. The next phase will involve discussions with services to look at their controls and map out residual risk scores.
2	Fraud awareness	3	In progress	Officers have attended team meetings for Environmental Enforcement, Housing (Landlord Services) and Housing (Housing Options), providing details about the services the counter fraud team can provide as well as gathering information that can be used to create fraud awareness sessions specific to the teams/services. Arrangements are now in place to deliver an awareness session to Housing (Landlord Services) in August and introductions are being arranged for other services.
3	Corporate Working Groups	N/A	Not yet started	There have been no requests for attendance at corporate working groups during the report period.
4	Corporate Policies	N/A	In Progress	The Head of Internal Audit & Counter Fraud has completed a full review of the Counter Fraud and Corruption Strategy. There have been no material amendments but some inconsistencies in references to the counter fraud team have been corrected.

Pro-Active Counter Fraud Activity

Ref	Activity	Days used	Current status	Summary of activity
5	National Fraud Initiative	11.6	In progress	<p>All matches received as part of the 2019-20 NFI council tax exercise have been dealt with, resulting in additional council tax liabilities of £83,325 and additional liability of £34,654 in future years.</p> <p>A total of 3,455 matches were received across the various reports included in the 2020-21 NFI Exercise. The Finance Dept have checked all creditors matches, while the Benefits service have checked all matches relating to housing benefit and council tax reduction. The counter fraud team took over review of the reports in all other areas and only 117 are yet to be checked, with a further 131 matches open for further enquiries. Results to date include, housing benefit overpayments of £32,939, Additional council tax of £64,734, plus additional liability of £36,108 in future years, and duplicate creditor payments of £12,336 recovered.</p>

Ref	Activity	Days used	Current status	Summary of activity
				<p>All matches received as part of the 2021-22 NFI council tax exercise have been subject to initial checks and 62 remain open with responses to single person discount review outstanding. Actions to date have resulted in additional council tax liabilities of £31,692 and additional liability of £37,383 in future years.</p> <p>Data submissions for the 2022-23 exercise are due to be completed in October with results received in January 2023.</p>
6	Kent Intelligence Network	N/A	Not yet started	<p>To date the KIN activity has been focused on work relating to revenues (NNDR & CTAX), which has been dealt with by the Revenues team. Two properties that were not in the ratings list were identified, generating additional council tax of £8,812 and liability of £3,980 per year in future years.</p> <p>As part of a wider KIN project, the Revenues team have access to credit referencing data that will be used to run data matching on addresses with single person discounts, allowing targeted reviews to be undertaken.</p>
7	Pro-Active Exercises	N/A	Not yet started	<p>To date we have not undertaken any pro-active activity outside of the NFI data matching process. Now that the backlog of NFI work has largely been cleared, we are now considering what pro-active work may be of benefit to the council.</p>

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Business Rates (NNDR)	2	Two cases concluded with no evidence of fraud.	N/A	N/A	N/A
Council Tax	124	32 cases were concluded with no evidence of fraud. 92 cases concluded with the removal of the council tax discount/exemption or reduction, one of which resulted in the issue of civil penalties and one also in the overpayment of housing benefit.	£54,295 (Historic Liability) £43,019 (Additional liability for future years) Civil Penalty £70	N/A	N/A
Housing Allocations	1	One case concluded with the removal of a council tax discount	£28 (Historic Liability)	N/A	N/A

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
			£429 (Additional liability for future years)		
Tenancy	4	Four cases concluded with no evidence of fraud.	N/A	N/A	N/A

Responsive investigation work: internal investigations

The Audit & Counter Fraud Team conduct disciplinary investigations on behalf of HR into a range of matters. Details cannot be provided while investigations are ongoing, but an anonymised summary will be included in updates after the cases are concluded.

Allegation	Investigation activity & recommendations
Nothing to report.	

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
10	Liaison with the DWP	N/A	There have been no requests for Housing Benefit data during the report period.
11	Responding to information requests	5.5	The team have responded to requests for information from the Police and a number of other investigative bodies during the period, providing necessary information in accordance with the data protection protocols.

5. Performance Monitoring

- 5.1 The Counter Fraud Plan includes a suite of nine performance indicators used to monitor the effectiveness of the team. The monitoring of performance data largely automated through the team's time recording processes and reports available from their case management system. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 5.2 The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for four of the nine indicators; however, it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn for period
Non LA Specific Performance Measurements			
CF1	Proportion of staff with professional qualification relevant to counter fraud:	50%	66%
CF2	Proportion of non-qualified staff undertaking professional qualification training	50%	33%
CF3	Time spent on Professional qualification training:	N/A	13.4 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	8.3 days
LA Specific Performance Measurements			
CF5	Proportion of available resources spent on chargeable work	N/A	93%
CF6	Proportion of chargeable time spent on: a) Fraud Awareness & Prevention b) Pro-Active Counter Fraud Activity c) Responsive Investigation Activity d) Other Counter Fraud Activity	N/A	3% 10% 82% 5%
CF7	Number of investigations closed	N/A	129
CF8	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£97,841 £0 £0
CF9	Client, Management and Member satisfaction with Counter Fraud services	90%	Satisfaction Survey to be issued at the end of 2022-23