

Counter Fraud Update

Gravesham Borough Council

For the period:

1 October – 31 December 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 Introductory sessions have taken place with Leasehold and Regulatory Services and officers have also commenced work on other training materials for more generic training sessions and also potential online training.
- 2.2 Further progress with the National Fraud Initiative exercises means that only 22 matches from previous exercises remain and the 519 matches received to date as part of the 2022-23 exercise have all been subject to their initial check. The remaining matches from the exercise are expected at the end of January 2023. There has been no activity within counter fraud linked to the Kent Intelligence Network but software made available to revenues has been used to identify new council tax liabilities and trace absconded debtors.
- 2.3 Investigative activity has continued and cashable savings of £20,424 have been identified during the reporting period. A council property was also recovered as a consequence of an investigation, representing a notional saving of £93,000.
- 2.4 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to within set timescales. There has also been other partnership working activity with officers representing the council at the Kent & Medway Fraud Panel meetings.

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 October to 31 December 2022 amounted to 75.1 days and 70 days (93%) were spent on chargeable counter fraud work. Of this chargeable time, 4.7 days (7%) were spent on fraud awareness and prevention activity, 3.5 days (5%) on pro-active counter fraud activity, 56.8 days (81%) on reactive investigation activity and 4.9 days (7%) 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	No activity in reporting period
2	Fraud awareness	4.7	In progress	Introductory sessions have been held with Leasehold Services and Regulatory Services during the reporting period and work on other training materials has also commenced.
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	No activity required in the reporting period.

Pro-Active Counter Fraud Activity

Ref	Activity	Days used	Current status	Summary of activity
5	National Fraud Initiative	3.5	In progress	<p>A total of 3,455 matches were received across the various reports included in the 2020-21 NFI Exercise. 22 matches relating to parking permits and grants are yet to be checked. All other matches have been dealt with.</p> <p>All activity for the 2021-22 Council Tax exercise has been concluded.</p> <p>Data submissions for the 2022-23 exercise were completed in line with the required deadlines. A total of 519 matches linked to the annual council tax exercise were received on 7 December 2022. All 519 matches have been subject to their initial check and enquiries are underway. The matches relating to the remaining reports are expected at the end of January 2023.</p>
6	Kent Intelligence Network	N/A	Not yet started	There have been no referrals to counter fraud as a consequence of KIN activity, however, the Revenues Team have completed a number of SPD reviews using software provided by the KIN, leading to additional council tax liability of £10,803, and traced 29 absconded debtors to bring £27,679 back into recovery. Two properties have also been added to the banding list with liability of £3,316 for 2022-23.
7	Pro-Active Exercises	N/A	Not yet started	To date we have not undertaken any pro-active activity outside of the NFI exercises while the backlog of work was cleared. We are now considering what pro-active work may be of benefit to the council.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	12	One case concluded with no evidence of fraud/error. 11 cases concluded with the removal of the council tax discount/exemption and/or changes to council tax reduction, one of which resulted in the issue of a caution for failure to report changes in circumstances.	£15,210 (Historic Liability) £5,214 (Additional liability for future years)	N/A	N/A
Tenancy	3	Two cases were concluded with no evidence of fraud. One case was concluded with recovery of the council property.	N/A	£93,000	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
Falsification of time sheets	Background enquiries were conducted but it was identified that the records relating to shift patterns and timesheets were inadequate, meaning that it was not possible to identify any evidence of wrongdoing and the case was concluded. Information has been passed to Internal Audit, who are now working with the service to provide advice around controls and record keeping.

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
10	Liaison with the DWP	0.9	There have been 11 requests for Housing Benefit data during the report period. Only one case outcome received, which was to confirm no evidence of fraud/error.
11	Responding to information requests	4	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.

Ref	Activity	Days used	Summary of activity
			Other activity included within this time is partnership liaison meetings, including Gravesham Serious Organised Crime Partnership (SOCP) and the Kent & Medway Fraud Panel.

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%	67%
CF2	Proportion of non-qualified staff undertaking professional qualification training	50%	100%
CF3	Time spent on Professional qualification training:	N/A	11.9 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	1.9 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	7% 5% 81% 7%
CF7	Number of investigations closed	N/A	16
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	£20,424 £93,000 £0
CF9	Client, Management and Member satisfaction with Counter Fraud services	90%	Satisfaction Survey to be issued at the end of 2022-23