Meeting: Counter Fraud Plan   **Date:** 24 July 2024

Wards affected: All

Report Title: Audit Committee

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1. Key points and Summary

1.1   This report provides the Audit Committee with details of current and future Counter Fraud plans supporting delivery of the Counter Fraud and Corruption Policy.

1.2   The Corporate Counter Fraud and Error team deliver a service across the Council which aims to prevent, detect, and deter fraud, error and criminality related to fraud. The Counter Fraud plan provides a framework for the prevention, detection and response activity undertaken by the team.

1.3   Though undertaking the planned activity, financial losses are prevented, additional revenue is identified for recovery, income is secured though the supply of services, and redress sought in cases of civil or criminal offending.
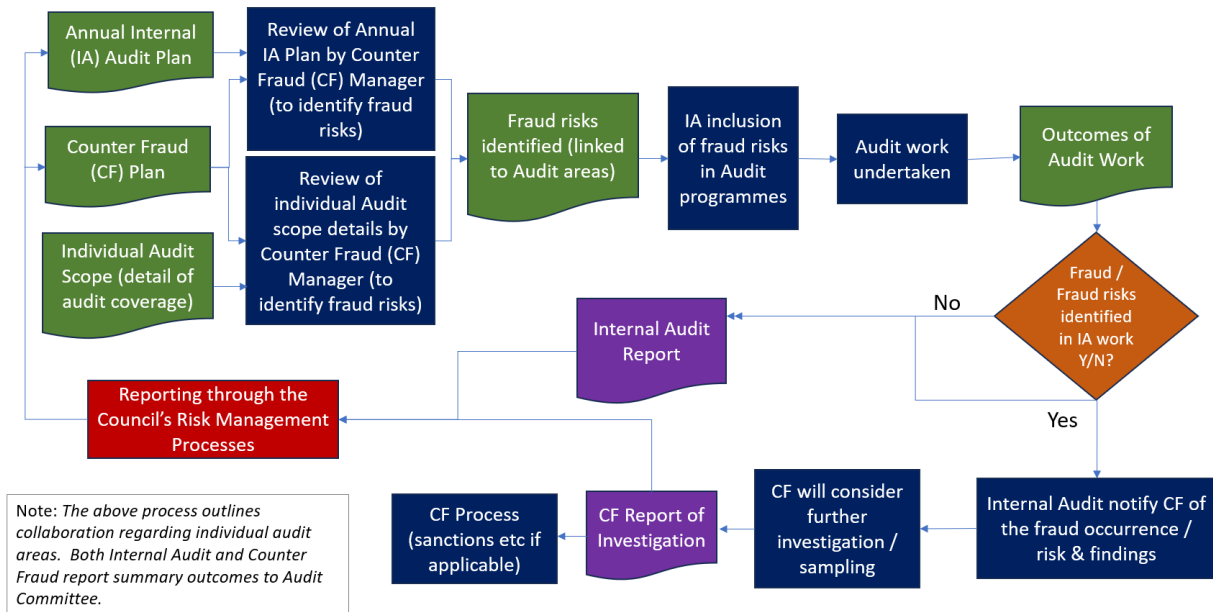
2. Introduction

2.1.   The cost of fraud to UK local government was estimated to be between £33.2 and £58.8 billion per year in 2020/21. This figure represents the financial impact of fraudulent activities on local government finances and underscores the importance of effective fraud prevention and detection measures to protect public resources. It's crucial for local authorities to adopt robust strategies to combat fraud and safeguard funds intended for vital public services.

3.   Counter Fraud Plan Summary

3.1   A counter fraud plan is essential for preventing and detecting fraudulent activities within the public sector. The plan aims to strengthen the response to fraud and corruption. It involves leadership commitment, risk assessment, clear policies, staff training, collaboration, technology adoption, and ongoing monitoring.

3.2   By implementing these measures, the Council can better prevent, detect, and address fraudulent activities. The Counter Fraud Plan supports the Council's Counter Fraud and Corruption Policy Counter Fraud and Corruption Policy - Torbay Council. The key elements of the Counter Fraud Policy and Plan are detailed below in items 3.3 to 3.9:

3.3   **Leadership and Governance**:
- There are clearly defined responsibilities for fraud prevention and detection.
- There is a dedicated counter-fraud team.

- Senior management are committed to anti-fraud efforts.

3.4 **Risk Assessment and Understanding**:
- We conduct regular risk assessments to identify areas vulnerable to fraud.
- We understand the types of fraud prevalent in the local government context.
- We analyse historical fraud cases to inform prevention strategies.

3.5 **Fraud Policies and Procedures**:
- We have developed and communicated our fraud policy.
- The policy outlines procedures for reporting, investigating, and managing fraud cases, including the Council's whistleblowing arrangements.

3.6 **Training and Awareness**:
- We train staff on fraud awareness, prevention, and detection.
- We promote a culture of vigilance and ethical behaviour.
- We regularly update staff on emerging fraud risks.

3.7 **Collaboration and Information Sharing**:
- We collaborate with Internal Audit (see Flow diagram below), other local authorities, law enforcement, and relevant agencies.
- We share intelligence on fraud trends and best practices.
- We establish partnerships and relationships to tackle cross-boundary fraud
- We undertake investigations with Department of Works and Pensions Fraud Officers
- We provide information to the Department of Works and Pensions to support their investigations through the management of Local Authority Information Exchange Forms (LAIEFs)

3.8 **Use of Technology**:
- We leverage technology tools for fraud detection (e.g., data analytics).
- We have secure systems in place for managing sensitive information.
- We continually explore digital solutions for fraud prevention and detection.

3.9 **Monitoring and Reporting**:
- Fraud incidents and outcomes and monitored and tracked.
- Fraud losses and recovery efforts are reported.
- We regularly review the effectiveness of anti-fraud measures.

Counter Fraud and Internal Audit Collaboration Process

Annual Internal (IA) Audit Plan

Counter Fraud (CF) Plan

Individual Audit Scope (detail of audit coverage)

Review of Annual IA Plan by Counter Fraud (CF) Manager (to identify fraud risks)

Review of individual Audit scope details by Counter Fraud (CF) Manager (to identify fraud risks)

Fraud risks identified (linked to Audit areas)

IA inclusion of fraud risks in Audit programmes

Audit work undertaken

Outcomes of Audit Work

Fraud / Fraud risks identified in IA work Y/N?

No

Yes

Internal Audit Report

Reporting through the Council's Risk Management Processes

Internal Audit notify CF of the fraud occurrence / risk & findings

CF will consider further investigation / sampling

CF Report of Investigation

CF Process (sanctions etc if applicable)

Note: *The above process outlines collaboration regarding individual audit areas. Both Internal Audit and Counter Fraud report summary outcomes to Audit Committee.*

4.   Counter Fraud Plan Detail

4.1   In order to develop the detailed plan, each area has been risk assessed based on various factors, which determined the areas of priority for the coming year.

4.2   **The Rolling Work Programme** incorporates the work that is continual within the Counter Fraud team. These include the following:
- Receive, review and respond to Local Authority Information Exchange Forms from DWP.
- Receive and review fraud referrals/allegations.
- Receive, review and respond to suspected Money Laundering Reports
- Conduct Investigations into allegations.
- Provide case by case prevention advice
- Monitor companies House movement.
- Conduct regular visits.
- Cllr Council Tax checks for voting right purposes
- Deceased monitoring to ensure prevention
- Ongoing Team Training in Counter Fraud.
- Fraud detection through programmes of work
- NFI matches review, including the pilot exercise
- Fraud landscape horizon scanning
- Receive review and respond to fraud intelligence alerts providing awareness of current/known threats to necessary departments or individuals
- Providing fraud awareness training through the mandatory i-learn course and give presentations at new starters induction events.
- Participate in the strategic group targeting empty properties
- Give presentations to new starts at their induction events to provide fraud awareness training

4.3   **The Scheduled Work Programme for 2024-25,** incorporates the following:
- Corporate Fraud Risk Assessments.
- Council tax exemptions reviews.
- Council tax disregards reviews.
- SPD review (amnesty) by writing to all recipients to request review

declaration

- Business Rates relief reviews (except CHARITY)
- Limited Companies Review across Council Tax, NDR and debtors
- Undertake work to provide a completed review of all properties registered with Council Tax
- Review of composite properties.
- Matching between Council Tax, Business Rates and Sundry Debtor Accounts.
- Household Support Fund - duplicate payments.
- Development of Procurement Fraud test methods.
- Identify a company to provide a follow up SPD review to identify any frauds in the system.
- Seek to develop of a new Blue Badge anti-fraud strategy together with the Head of Parking Service and the Baywide Community Services and Business Support manger from Torbay and South Devon NHS Foundation Trust.
- Review of concessionary fare cards to identify any cards in circulation issued to persons now deceased

4.4 **The Future Work Programme for 2025-26 onwards**

- Council Tax data match on joint bank accounts to single person discount properties.
- Review of attachment of earnings linked to earnt income for Working Age Council Tax Reduction Scheme (WACTR).
- Data match – Business Rates to Companies House.
- Data match – Council Tax company liabilities to Companies House.
- Data match – Disabled Facilities Grant (DFG) applications to WACTR.
- Data match - DFG applications to Council tax single person discount (SPD).
- Data match - ER to ER to identify duplicate registrations.
- Data match – domestic refuse collection to council tax chargebase
- Data match - School admissions to Council Tax SPD.
- Data match - Refuse registrations/slot bookings to council tax
- Data match - Street trading licensing to WACTR incomes.
- Data match - Rent in advance single claimants who move to new address with second person.
- Data match - WACTR with no earned income to Business Rates.
- Data match - SPD against credit reference agency data.
- Data match – temporary housing/homeless applications to credit reference agency data
- Data match – housing applications to credit reference agency data
- Review all Social Housing Tenancies awarded to Council owned properties

4.5. The Counter Fraud activities and outcomes are reported to Audit Committee on a regular basis which will provide details of progress against the planned work.

Rachel Worsley
Counter Fraud and Error Manager