

Fraud Resilience Strategy 2014 to 2016 – Action Plan Update (March 2015)

ANNEX B

	Key Risk Areas (key at foot of table)	Audit Services actions to date
1.	<p>Council Tax (C/T) (building on 2012/14 FRS actions)</p>	<ul style="list-style-type: none"> • Assurance provided by: - <ul style="list-style-type: none"> ➤ Council Tax 2013/14 internal Audit (issued 19 June 2014) ➤ Council Tax 2014/15 internal Audit (target for issue of draft report 31 March 2015). • NFI 2013/14 - SPD to Electoral Registration: <ul style="list-style-type: none"> ○ 1211 SPD matches ○ 242 Rising 18's matches ○ MRBS undertook a 100% sample ○ 105 errors / frauds were identified – value £34,261 ○ CAFT dealt with 27 fraud referrals emanating from exercise ○ 1 Caution issued ○ 12 cases remain subject to investigation. • NFI 2015 - SPD to Electoral Registration: <ul style="list-style-type: none"> ○ Data released 16 December 2014 ○ Changed from biennial to annual exercise ○ 1899 SPD matches ○ 192 Rising 18's matches ○ MRBS to commence review end March 2015 ○ CAFT will provide support to MRBS and prioritise referrals emanating from the exercise. • Between 01 April 2014 and 27 February 2015 CAFT raised a total of 36 files relating to allegations of Council tax fraud through: - <ul style="list-style-type: none"> ○ false application for discounts and exemptions ○ failure to disclose changes effecting discounts and exemptions ○ council tax evasion

		<ul style="list-style-type: none"> • CAFT continue to consult with MRBS / Customer Contact regarding the level of fraud risk and key priorities including: - Review of the Sanctions Policy / Review of forms and documentation supporting applications. • Post S-FIS (February 2016) the responsibility for Council Tax Reduction fraud investigations will remain with the Local Authority. • DWP / DCLG recently commissioned a joint working feasibility study; to identify if/how joint working might be possible on non-welfare fraud including Council Tax Reduction / Discounts / Exemptions. CAFT will follow the progress of this study in preparation for S-FIS implementation.
2.	<p>Housing Benefits (HB) (building on 2012/14 FRS actions)</p>	<ul style="list-style-type: none"> • Assurance provided by: - <ul style="list-style-type: none"> ➢ Housing Benefits 2013/14 internal Audit (issued 30 April 2014) ➢ Housing Benefits 2014/15 internal Audit (target for issue of draft report 13 March 2015). • CAFT continue to undertake reactive investigations based on referrals from a number of sources. • 435 Benefit files closed between 01 April 2014 and 27 February 2015. • The following outcomes were recorded: - <ul style="list-style-type: none"> ○ 22 successfully prosecuted ○ 3 found not guilty ○ 6 cautions issued ○ 27 proven fraud but no further action ○ 1 warning letter issued ○ 66 no fraud established ○ 124 referred to DWP Fraud Investigation Service ○ 1 advice provided to management ○ 36 passed to assessments / verification to make enquiries ○ 10 no benefits in payment ○ 139 uneconomic to investigate due to sufficiency of evidence etc.

- Investigations closed during 2014/15 identified: -
 - £861,609 in overpaid Housing Benefit / Council Tax Benefit and Council Tax Reduction
 - £627,802 in overpaid DWP benefits.
- CAFT provide MRBS and Customer Contact with regular feedback on good practice and procedural errors identified during the course of benefit investigations.
- NFI (2012/13) CAFT actions included: -
 - Completed 100% review of the (445) Medway payroll to benefit matches which identified £192,204.16 in overpaid benefits / Council Tax Reduction.
 - Provided support and guidance to MRBS regarding non-Medway staff NFI matches.
- NFI (2014/15) CAFT actions will include: -
 - Assume a Key Contact role.
 - Complete a sample review of the (286) Medway payroll to benefit matches.
 - Undertake investigations emanating from the exercise.
 - Provide support and guidance to MRBS.
 - Ensure DWP FIS officers, tasked with sifting and investigating NFI matches:
 - adhere to agreed protocols
 - seek to regulate all benefits
 - accurately record the outcomes.
- In preparation for the S-FIS implementation in February 2016 CAFT will reduce the volume of Welfare Benefit investigations and divert resources to proactive / reactive corporate fraud. (It should be noted that in order to be considered as “in scope” for transfer, staff must retain a minimum of 50% welfare benefits work).

<p>3. Tenancy Fraud / Housing / Right to Buy (RTB) (building on 2012/14 FRS actions)</p>	<ul style="list-style-type: none"> • Assurance provided by: - <ul style="list-style-type: none"> ➢ 2013/14 Housing Rents annual internal audit – Issued 15 May 2014 ➢ 2014/15 Housing Rents annual internal audit (target for issue of draft report 27 March 2015). • In the period 01 April 2013 to 02 March 2015 CAFT received a total of 10 referrals specifically relating to housing fraud. Some benefit related investigations have identified housing fraud e.g. non residency. • CAFT continue to work with Housing Services to increase the volume and quality of referrals. • NFI (2014/15) – CAFT actions include: <ul style="list-style-type: none"> ○ With reference to various internal and external information sources CAFT assisted Housing Services in reviewing the Housing and Right to Buy (RTB) matches. • CAFT provided advice to Housing in relation to their new Tenancy Fraud Policy (issued April 2014). The policy provides officers with guidance on ID verification and risk-based tenancy audits. • During 2015/16 CAFT officers will conduct a job shadowing exercise to review the effectiveness of the tenancy audits and provide further support and guidance to Housing Officers. • A new fraud referral process was introduced in November 2014 which gave Housing officers facility to make referrals direct from the Housing system. This provides more effective management monitoring and reporting. • CAFT have received training on the Academy Housing system and utilise the system for both Housing and non-housing investigations. • CAFT continue to provide assistance in the verification of RTB and succession applications.
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4.	Local Business Rates (LBR) (new)	<ul style="list-style-type: none"> • Assurance provided by: - <ul style="list-style-type: none"> ➢ 2013/14 Local Business Rates annual internal audit – issued 19 June 2014 ➢ 2014/15 internal Audit (target for issue of draft report 31 March 2015). • CAFT have consulted with MRBS and Customer Contact to identify priorities for targeted referral work e.g. Application and verification process for the award of - Charity & Community Amateur Sports Club Relief, Unoccupied Property Relief, Small Business Rate Relief.
5.	Free School Meals (new)	<ul style="list-style-type: none"> • CAFT is currently undertaking a review of Free School Meals which will provide assurance on the FSM review process (Target for issue of draft report 30 April 2015): <ul style="list-style-type: none"> ➢ To estimate the level of financial loss in both FSM (free school meals) and FST (free school transport). ➢ To identify data sharing opportunities between Medway Departments. ➢ Identify fraud and error – i.e. within FSM, Council Tax Discounts, and Benefits. • CAFT will undertake investigations identified during the proactive review of Free School Meals.
6.	Concessionary travel passes (new)	<ul style="list-style-type: none"> • NFI 2012/14 – A total of 335 matches against DWP Deceased Persons records. At the time the data was released 321 of the 335 passes had expired. The remaining 14 travel passes were reviewed and cancelled. • NFI 2014/15 – A total of 1082 matches were received. CAFT will support the service by: - <ul style="list-style-type: none"> ➢ providing a resource to assist in the checking of data output ➢ ensure appropriate action is taken to cancel travel passes ➢ explore the reason(s) behind the significant increase in matches and identify how data sharing between departments might minimise the risk ➢ undertake investigations on the 30 matches where the date of death precedes the permit start date. • CAFT currently liaising with KCC in relation to issuing guidance on misuse and abuse of concessionary travel passes. • CAFT provide consultative support and undertake investigations where required.

7.	Staff Mileage (carry forward from 2012/14 FRS actions)	<ul style="list-style-type: none"> • CAFT have engaged with Payroll services regarding a targeted review of mileage claims. The commencement of the review was deferred from October 2014 to the new financial year. • After completing the personal mileage claims review CAFT will review arrangements for personal mileage using council vehicles. • CAFT will undertake any subsequent investigations emanating from the two reviews.
8.	Review of safes in council offices (new)	<ul style="list-style-type: none"> • CAFT have commenced a proactive review of safes. This will be reported at a Council level to ensure robust processes are embedded across the organisation. • Audit Services will undertake any subsequent investigations.
9.	Discretionary Housing Payments (DHP) (new)	<ul style="list-style-type: none"> • The DHP fund for Medway for 2013/14 was £563,046. Actual DHP awards totalled £355,618, with a £207,428 underspend. • The DHP fund increased for 2014/15 to £598,000. DHP awards will total £269,116, with a £329,778 underspend. • MRBS undertook a review of their procedures to: - <ul style="list-style-type: none"> ➢ ensure the 2014/15 fund was better utilised ➢ ensure consistency with DHP guidance ➢ actively encourage Housing Providers to assist tenants make DHP applications, highlighting eligibility criteria. ➢ consider CAFT advice around fraud prevention and detection. • The DHP fund for 2015/16 will be reduced to £372,112. This reflects both the local and national trend of DHP underspends. The average reduction across Kent will be 29.1%. • In 2014/15 CAFT identified £2,358 in overpaid DHP.

		<ul style="list-style-type: none"> • CAFT will continue to investigate allegations of DHP fraud, generally identified whilst undertaking benefit investigations.
10.	Staff Vetting (carry forward from 2012/14 FRS actions)	<ul style="list-style-type: none"> • Assurance provided by the 2014/15 operational internal audit of Disclosure and Barring Service (DBS) (Part 2) issued 31 December 2014. • CAFT have provided advice to management and HR in relation to a small number of individual staff vetting issues. • Whilst undertaking some initial investigations CAFT reviewed documentation supporting recruitment, references and qualifications of staff. Any generic control issued identified were shared with management. • During 2015/16 CAFT will undertake a sample of new starters and recruitment into key positions from across the organisation with a consultative review of vetting arrangements.
11.	Personal Budgets (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • A fraud referral process was agreed and CAFT undertake investigations where potential fraud is identified. • 2014/15 NFI - Personal Budget data was submitted to the NFI for the first time in October 2014. Medway data was matched against other bodies direct payment records, pensions, housing benefit and Amberhill data (false identity documents). CAFT actions include: - <ul style="list-style-type: none"> ○ reviewed and closed 136 of the 155 matches received ○ currently liaising with management regarding the remaining 19 matches. • CAFT have provided consultative support to management, within both Adult Social Care and Customer Contact. • CAFT officers have attended training provided by Client Financial Affairs.
12.	Blue badge (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • CAFT officers authorised to inspect and retain badges suspected of misuse / abuse, continue to work with Parking Services (enforcement) and the Admin Hub

		<p>(responsible for the administration of Blue Badges).</p> <ul style="list-style-type: none"> • Between 01 April 2014 and 27 February 2015 CAFT investigated / advised on 22 allegations of Blue Badge and 11 Disabled Parking Bays misuse or abuse. • 2014/15 NFI – A total of 701 matches (a notable reduction on the 2012/13 exercise where 1,028 matches were reported). The majority of matches (677) relate to DWP deceased records. CAFT actions include: - <ul style="list-style-type: none"> ➢ training and guidance (provided to management in February 2015). ➢ investigation and closure of the one match where date of death predated the badge issue date ➢ provision of resources to assist in the checking of data output ➢ ensure appropriate action is taken to cancel blue badges. • During 2015/16 CAFT will undertake a proactive exercise to check a number of new and renewal applications against other Medway records (including Housing benefit and Council Tax records).
13.	Category Management (new)	<ul style="list-style-type: none"> • Internal Audit will work with management to develop a procurement governance review which can be undertaken by management and Audit Services jointly on an annual basis. • The Head of Internal Audit has reviewed and provided control advice on draft category management policies and procurement gateway documents.
14.	Corporate Credit Cards (new)	<ul style="list-style-type: none"> • Assurance provided by the 2014/15 financial audit of Corporate Credit Cards – issued 3 July 2014. • Audit Services undertake investigations as required.
15.	Taxation – Creditor Payments (new)	<ul style="list-style-type: none"> • The internal audit of Taxation – Creditor Payments (issued 27 February 2015) will provide assurance on arrangements, concentrating on: -

		<ul style="list-style-type: none"> - CIS - Consultants - VAT <ul style="list-style-type: none"> • Audit Services undertake investigations as required.
16.	Grant Fraud (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • Assurance provided through the proposed internal audit of Economic Development. • CAFT to provide consultative support. • CAFT undertake investigations as required.
17.	Schools (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • Internal Audit continues to progress the programme of school probity reviews. • Internal Audit provide presentations to school governing bodies on the results of the individual school review and emerging fraud risks. • Internal Audit have provided presentations to school governors on fraud resilience. • A leaflet providing guidance to school governors on fraud resilience is being developed. • The Chief Finance Officer and Internal Audit are working with Governors Services and Education Finance to develop further training and guidance for school governors on fraud risk and governance issues. • Audit Services undertake investigations as required.
18.	Promote the use of the new Fraud Hotline / Consider data collection (building on the 2012/14 FRS actions)	<ul style="list-style-type: none"> • CAFT have liaised with management across the council to ensure the telephone number is promoted by all services. • Currently the Hotline offers 5 options: - <ul style="list-style-type: none"> - Council Tax, Benefits, LBR (received by CAFT) - Housing

		<ul style="list-style-type: none"> - Blue Badge Fraud - Financial Abuse (received by C&A) - Other (received by Audit Services Manager) <ul style="list-style-type: none"> • Audit Services continue to monitor the volume and nature of calls received via the Hotline. The vast majority of calls received are unrelated to fraud; with callers requesting transfers to other departments, in order to avoid the telephony queue on the main Medway telephone number.
19.	Data matching (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • Internal Audit currently uses a data analysis tool to interrogate large data sets. Audit Services will continue to explore different options for utilising the product in reactive and proactive fraud work. • DCLG confirmed in November 2014 that the KCC led bid for Counter Fraud funding had been successful. CAFT will continue to liaise with KCC in relation to the roll-out of the Kent Intelligence Network which will develop data sharing opportunities amongst partner to minimise the risk of fraud and error and increase revenue through Council Tax collection.
20.	NFI (building on 2012/14 FRS)	<ul style="list-style-type: none"> • Audit Services liaised with management in relation to data quality, fair processing notices and data submission/output in preparation for the NFI exercises. • NFI 2015 Council Tax SPD / Rising 18 to Electoral Register data was released 16 December 2014. • NFI 2014/15 data was released 29 January 2015. • Audit Services will investigate allegations of fraud arising from the 2014/15 NFI and ensure the Reporting Tool accurately reflects outcomes.
21.	Data Quality – Fraud Reporting (new)	<ul style="list-style-type: none"> • Internal Audit are undertaking a compliance audit of the publication of the council's fraud data.

		<ul style="list-style-type: none"> • The annual Fraud and Corruption Survey was carried out by the Audit Commission. The function was due to transfer to CIPFA, however it was announced in December that the transfer would not take place and the survey would cease. • The Local Government Transparency Codes now require Local Authorities to publish specific fraud data. Medway's 2013/14 fraud data is now available on the "Council spending data" web page. This will be updated by 30 April 2015 with the 2014/15 fraud data: - (http://www.medway.gov.uk/thecouncilanddemocracy/finances/councilspendingdata.aspx) • Audit Services will consider the need for further review of risk logs, service plans, service delivery, policies and procedures to ensure the three main strands of an anti-fraud culture are embedded: <ul style="list-style-type: none"> - Acknowledge - Detect & Prevent - Pursue
22.	Internal Investigations – Protocols (building on 2012/14 FRS actions)	<ul style="list-style-type: none"> • Audit Services are currently working with Human Resources and Legal Services in reviewing the HR protocol to ensure data sharing issues, roles and responsibilities are clear. This may include the introduction of an "investigation plan", signed off by all parties at the commencement of each investigation – setting out the roles, key stage dates etc.
23.	Fraud Web pages & reporting fraud on line (new)	<ul style="list-style-type: none"> • CAFT have met with the Web and Digital Communications Manager regarding a review of the current web pages. • CAFT will continue to work with communications to develop an effective fraud reporting tool and informative fraud web pages.
24.	Change Management (new) <ul style="list-style-type: none"> • Fraud risk may not be considered or managed appropriately during the implementation of a change • Missed opportunity as fraud 	<ul style="list-style-type: none"> • Assurance will be provided through the authority wide internal audit report (currently in draft format). • The Head of Internal Audit input into the post implementation review of the "Better for Less" roll-out.

	resilience may not be built into the new arrangements.	<ul style="list-style-type: none"> • Audit Services will offer consultative support to management to help ensure fraud risk is fully assessed and resilience embedded as part of service delivery change. • • The internal audit plan for 2015/16 includes consultancy work to assist management in the development of new processes and systems, ensuring that fraud resilience is built in.
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- **Key: -**
 - CAFT (Corporate Anti-Fraud Team)
 - C/T (Council Tax)
 - CTR (Council Tax Reduction)
 - DBS (Disability & Barring Service)
 - FRS (Fraud Resilience Strategy)
 - HB (Housing Benefit)
 - LBR (Local Business Rates)
 - MRBS (Medway Revenues & Benefits Service)
 - NFA (National Fraud Authority)
 - NFI (National Fraud Initiative)
 - PPP (Protecting the Public Purse – 2014)
 - RTB (Right to Buy)
 - S-FIS (Single Fraud Investigation Service)
 - SPD (Single Person Discount)

- **The number attached to each Key Risk Area has no relevance; it does not denote the order in which each item will be progressed or infer any significance in terms of risk or value.**