

Internal Audit & Counter Fraud Shared Service
Medway Council & Gravesham Borough Council

Counter Fraud Update

Medway Council

For the period:

1 April – 31 August 2022

1. Introduction

- 1.1 The 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 five months of 2022-23 have been productive in terms of planned work as well as 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 been awarded a 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 introduction has taken place with officers attending a Highways team meeting to talk about the role of the counter fraud team and making arrangements for a fraud awareness session. One fraud awareness session has already taken place with the Direct Payments Team in Social Care.
- 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 considered later this year.
- 2.4 Investigative activity has continued and cashable savings of £242,044 and notional savings of £4,000 have been identified during the reporting period. The team continue to progress a number of investigations into various fraud types, including revenues and housing. While there have been no internal fraud investigations, the team have continued to work with HR advising on allegations received and necessary action, as well as undertaking complex grievance/disciplinary investigations with no criminal element, utilising the team's investigation and interviewing expertise.
- 2.5 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to within set timescales. Information on Housing Benefit claims has been provided to the DWP in accordance with local SLA's for SFIS investigation.

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 Medway was prepared with a resource budget of 439 days for counter fraud work.

- 3.3 Net staff days available for Medway for the period 1 April to 31 August 2022 amounted to 240 days and 222 days (92%) were spent on chargeable counter fraud work. Of this chargeable time, 6 days (3%) was spent on fraud awareness & prevention, 24 (11%) days on pro-active counter fraud activity, 172 days (77%) on investigation activity and 20 days (9%) 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 Medway was approved by the 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 Medway 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	N/A	In Progress	A fraud awareness session has been delivered to the Direct payments Team and officers have also attended a Highways team meeting, as part of an introductory session, providing details about the services the counter fraud team can provide as well as gathering information that can be used to create fraud awareness session specific to the team/service. Arrangements are being made to attend other team meetings to complete the introductory phase.
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	N/A	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 £63,356 and additional liability of £35,792 in future years.</p> <p>A total of 15,290 matches were received across the various reports included in the 2020-21 NFI Exercise. The counter fraud team have reviewed most of the reports with assistance from some other services, although a decision has been taken not to review 4,916 relating to finance as duplicate payments are identified via other methods. Only 50 matches are yet to have their initial check, and 38 matches remain open for further enquiries. Results to date include, housing benefit overpayments of £41,004, a reduction in HB awards of £24,683 per year, additional council tax of £168,668, plus additional liability of £89,074 in future years. In addition, 272 blue badges and 964 concessionary bus passes have been cancelled with notional savings of £156,400 and £23,160, respectively.</p>

Ref	Activity	Days used	Current status	Summary of activity
				6712 matches were received as part of the 2021-22 NFI council tax exercise and 4659 have been subject to initial checks, with 4303 closed and 356 remaining open with responses to single person discount reviews outstanding. Actions to date have resulted in additional council tax liabilities of £45,113 and additional liability of £29,359 in future years. Data submissions for the 2022-23 exercise are due to be completed in October with results received in January 2023.
6	Kent Intelligence Network	N/A	Not yet started	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 commercial properties that were not in the ratings list have been identified, generating additional NNDR of £15,522 and future liability of £4,291 per year in future years. 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.
7	Pro-Active Exercises	N/A	Not yet started	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.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Blue Badge	2	Two cases concluded with no evidence of fraud.	N/A	N/A	N/A
Business Support Grants	3	Three cases concluded with no evidence of fraud.	N/A	N/A	N/A
Council Tax	261	35 cases concluded with no evidence of fraud and two passed to DWP for further enquiries. 223 cases concluded with the removal of the council tax discount/exemption or reduction, including one case which resulted in the issue of a caution. One case did not lead to any changes to the council tax discount but did result in a removal from the housing waiting list.	£148,370 (Historic Liability) £93,675 (Additional liability for future years)	£4,000	N/A
Housing Allocations	1	Two cases concluded with no evidence of fraud.	N/A	N/A	N/A

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Tenancy	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
School Admissions	6	Two cases concluded with no action and four concluded with applications revoked.	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
	<p>The Counter Fraud Manager has been involved in a grievance investigation, which was concluded with no case to answer.</p> <p>There have been no concerns raised regarding internal fraud.</p>

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
10	Liaison with the DWP	4	The team have responded to requests for Housing Benefit data linked to DWP investigations, providing all necessary details.
11	Responding to information requests	16	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	26.9 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	15 days
LA Specific Performance Measurements			
CF5	Proportion of available resources spent on chargeable work	N/A	92%
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% 11% 77% 9%
CF7	Number of investigations closed	N/A	274
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	£242,044 £4,000 £0
CF9	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued at the end of 2022-23.