

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

Counter Fraud Update

Medway Council

For the period:

1 September – 30 November 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 counter fraud team continues to deliver work across the various areas of the counter fraud plan, while maintaining good progress with professional training. Our two investigators continue to progress well through their apprenticeship and one of our intelligence analysts was offered the opportunity to take a spare place on investigation training being delivered to the Environmental Enforcement Teams, allowing upskilling and succession planning for the future.
- 2.2 The first stage of the fraud risk assessments has now been completed and there has been a significant amount of work in the area of fraud awareness with 11 introductory sessions with various teams/services as well as four full fraud awareness sessions with in house services and a subsequent session with Care Providers, which was prompted by the Adults Commissioning team.
- 2.3 The continued progress with the National Fraud Initiative exercises means that there is very little remaining from the 2020-21 and 2021-22 exercises and the results have been good in terms of values identified. The submissions for the 2022-23 exercise have been completed and the matches for the main exercise will be received in Jan 2023, while the council tax matches will be received in December 2022.
- 2.4 Investigative activity during the period has led to cashable savings of £328,199. The team continue to progress a number of investigations into various fraud types, including revenues and housing.
- 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 and a small number of their cases have been reported as concluded with Housing Benefit overpayments totalling £49,356 and excess CTR awards of £4,773.

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 September to 30 November 2022 amounted to 154 days and 142 days (92%) were spent on chargeable counter fraud work. Of this chargeable time, 6 days

(4%) was spent on fraud awareness & prevention, 14 (10%) days on pro-active counter fraud activity, 109 days (76%) on investigation activity and 13 days (10%) 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 draft assessments for inherent risk scores relating specifically to fraud have been completed and we are now meeting with services to discuss the controls currently in place, the subsequent residual scores and any further fraud prevention work that is recommended to enhance controls.
2	Fraud awareness	N/A	In Progress	During the reporting period introductory sessions have taken place with; Shared Lives Team; CABS Team 1; Adult Commissioning; Parking Services; Highways; Finance Management Team; Housing Tenancy services; Libraries, Theatres & events Management Team; Communications; Planning & Regeneration team Leaders; and Medway Task Force. Fraud Awareness sessions have also taken place with Benefits; Adults Commissioning; Revenues; Revenues System Team; and Care Providers (following session with Adults Commissioning).
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	Nothing to report.

Pro-Active Counter Fraud Activity

Ref	Activity	Days used	Current status	Summary of activity
5	National Fraud Initiative	N/A	In progress	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 33 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 £172,864, plus additional liability of £90,362 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. 6,712 matches were received as part of the 2021-22 NFI council tax exercise and 6693 have been closed (access to a proportion of these matches that were connected to HMRC data were removed before we could conduct enquiries) and 19 remain open with responses to single

Ref	Activity	Days used	Current status	Summary of activity
				person discount reviews outstanding. Actions to date have resulted in additional council tax liabilities of £158,303 and additional liability of £104,719 in future years. Data submissions for the 2022-23 exercise were completed in October with results expected to be received in January 2023 for the main exercise. Council tax matches will be received in December 2022.
6	Kent Intelligence Network	N/A	Not yet started	Nothing to report.
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. We have plans for future pro-active work, although some is scheduled for 2023-24.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	218	34 cases concluded with no evidence of fraud. 184 cases concluded with the removal of the council tax discount/exemption or reduction.	£168367 (Historic Liability) £79,785 (Additional liability for future years) £80,047 Housing Benefit Overpayments	N/A	N/A
Finance	1	One case 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
	There have been no concerns raised regarding internal fraud.

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
10	Liaison with the DWP	3	The team have responded to 19 requests for Housing Benefit data linked to DWP investigations, providing all necessary details. HB overpayments resulting from DWP investigations (excluding joint working cases) total £49,356.05 and excess council tax reduction of £4,773.07.
11	Responding to information requests	10	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%	67%
CF2	Proportion of non-qualified staff undertaking professional qualification training	50%	100%
CF3	Time spent on Professional qualification training:	N/A	22.5 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	5.4 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	4% 10% 76% 10%
CF7	Number of investigations closed	N/A	219
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	£328,199 £0 £0
CF9	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued at the end of 2022-23.