

# Counter Fraud Update

Medway Council

For the period:

1 December 2022– 31 January 2023

# 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, however, one will be leaving the authority at the end of February.
- 2.2 The work in the area of fraud awareness has continued with a number of introductory sessions with various teams/services and two full fraud awareness sessions with in-house services.
- 2.3 The continued progress with the National Fraud Initiative exercises means that there is very little remaining from the 2020-21 exercise, while everything from 2021-22 has been resolved with good results in terms of values identified. Matches for the 2022-23 exercise were received in December and January, 9289 in total, and the 1998 relating to council tax have already been subject to their initial check, with 331 open for investigation. The remaining reports will be commenced in the coming weeks.
- 2.4 Investigative activity during the period has led to cashable savings of £29,699, with two people receiving cautions for offences and one receiving an administration penalty of £1,000, all as alternatives to prosecution. 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 but no overpayments were identified in the period.

# 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 December 2022 to 31 January 2023 amounted to 92 days and 87 days (94%) were spent on chargeable counter fraud work. Of this chargeable time, 6 days (7%) was spent on fraud awareness & prevention, 21 (24%) days on pro-active counter fraud

activity, 51 days (59%) on investigation activity and 9 days (10%) on other counter fraud activity. The current status and results of work carried out are detailed at section 4 of this report.

- 3.4 A Counter Fraud Officer will be leaving at the end of February 2023 but the process to recruit a replacement is already in progress in the hope the post will be filled by April/May 2023.

## 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, to establish 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; Business Change, School admissions, and CABS Managers. Fraud Awareness sessions have also taken place with the CABS Reves and Bens/Housing Team (split over two sessions).
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 relating to grants are yet to have their initial check. Results to date include, housing benefit overpayments of £41,004, a reduction in HB awards of £24,683 per year, additional council tax of £192,166, plus additional liability of £99,053 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 all have been closed, resulting in additional council tax liabilities of £165,663 and additional liability of £107,784 in future years. One person also received a caution as an alternative to prosecution. Data submissions for the 2022-23 exercise were completed in October and December 2022. 1998 matches relating to the SPD to Electoral Roll exercise were received in December with the remaining results received on 26 January 2023, bringing the total to 9289 matches. To date the

Ref	Activity	Days used	Current status	Summary of activity
				1998 matches for council tax have been subject to their initial check and 331 remain open for further enquiries. Work on the other reports had not commenced during the reporting period.
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	17	Four cases concluded with no evidence of fraud. 13 cases concluded with the removal of the council tax discount/exemption or reduction. One also resulted in the issue of an Administration Penalty and a further two in the issue of cautions as alternatives to prosecution	£24,960 (Historic Liability) £3,739 (Additional liability for future years) £1,000 Administration Penalty	N/A	N/A
NNDR	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Social Care	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Tenancy	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
School Admissions	1	One case concluded with the withdrawal of a school place offer.	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	1.7	The team have responded to 24 requests for Housing Benefit data linked to DWP investigations, providing all necessary details. No HB overpayments noted during the period.
11	Responding to information requests	7.5	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
<b>Non LA Specific Performance Measurements</b>			
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	9.2 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	1.5 days
<b>LA Specific Performance Measurements</b>			
CF5	Proportion of available resources spent on chargeable work	N/A	94%
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% 24% 59% 10%
CF7	Number of investigations closed	N/A	21
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	£29,699 £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.