

Counter Fraud Update

Medway Council

For the period:

1 April – 31 August 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 first five months of 2023-23 have been productive with 35.8% of projected resource already delivered, largely due to the number of counter fraud officers has increasing from two to four, and the work being spread across more officers. One of the counter fraud officers is continuing to progress well with their apprenticeship and our newest Intelligence Analyst has just enrolled on the new Intelligence apprenticeship.
- 2.2 A range of activities around fraud prevention and awareness have either commenced or will shortly be starting, including a number of awareness sessions with teams and Members and generic sessions being made available via iShare.
- 2.3 Work arising from the various National Fraud Initiative exercises is now up to date and has meant that the Intelligence Analysts can devote some time to reviewing the finance matches relating to potential supuplicate payments. These cases are also being used as a sample for a pro-active review that will look at whether appropriate contracts are in place and have been through necessary procurement. This will identify potential fraud/error through 'ghost creditors' and also provide Category management with information to inform their contracts register.
- 2.4 Investigative activity has continued and cashable savings of £259,095 and notional savings of £93,000 have been identified during the reporting period. The team continue to progress a number of investigations into various fraud types, including revenues and housing. A number of internal investigations have also been completed, demonstrating that the dedicated resource is already having a positive impact by concluding investigations more efficiently and in much shorter timeframes.
- 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 now consists of; the Head of Internal Audit & Counter Fraud (0.35FTE), one Counter Fraud Manager, four Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (1.86FTE).
- 3.2 The establishment at the time the Counter Fraud Plan for 2023-24 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.), which was based on 2FTE Counter Fraud Officers. The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, which at the time was approximately 64% for Medway, with the remaining 36% for Gravesham. The Counter Fraud Plan for Medway was therefore prepared with a resource budget of 434 days for counter fraud work along with a further 55 days for management of counter fraud activity.

- 3.3 After the plan was agreed, Medway decided to increase the number of counter fraud officers to have a dedicated resource available to undertake disciplinary and grievance investigations. As Gravesham did not require this additional resource, the split of resources was amended to approximately 75% for Medway and 25% for Gravesham. The overall impact was an increase in projected resource to 735 days for counter fraud work.
- 3.4 Net chargeable days available for Medway for the period 1 April to 31 August 2023 amounted to 282.9 days. This represents 35.8% of the 790 days estimated to be available. Of this chargeable time, 7.3 days (3%) was spent on fraud awareness & prevention, 7.7 days (3%) days on pro-active counter fraud activity, 244.8 days (87%) on investigation activity and 23.1 days (8%) on other counter fraud activity. The current status and results of work carried out are detailed at section 4 of this report.
- 3.5 A refresh of the resource budgets with updated projections suggests that there is a loss of 23 days from the original estimate of 735 days for counter fraud work. This is due to the vacancy period for an Intelligence Analyst.

4. Results of Counter Fraud work

- 4.1 The Counter Fraud Plan 2023-24 for Medway was approved by the Audit Committee in March 2023. 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 2023-24 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	Not yet started	Arrangements are being made to meet with services to discuss their fraud prevention controls, assess residual risk, and offer advice on further controls.
2	Fraud awareness	4	In Progress	Fraud awareness sessions have taken place with Customer relations, Direct Payments, and Members as part of the induction process following the elections in May. A generic fraud awareness session has been developed and we are now in the process of making dates available via the iShare training platform.
3	Corporate Working Groups	N/A	Not yet started	There have been no requests for attendance at corporate working groups during the report period.

Pro-Active Counter Fraud Activity

Ref	Activity	Days used	Current status	Summary of activity
5	National Fraud Initiative	7.7	In progress	As outlined in the NFI annual report presented to the Audit Committee in June, all activity relating to the 2020-21 and 2021-22 exercises has been concluded. A total of 9,967 matches were received across the various reports included in the 2022-23 NFI Exercise. The counter fraud team have reviewed the majority of the reports with assistance from some other services and have now commenced work on the 4934 matches linked to finance and potential duplicate payments. Only 31 matches currently remain open for further enquiries. Results to date include additional council tax of £151,142, plus additional liability of £10,135 in future years. In addition, 501 blue badges and 835 concessionary bus passes have been cancelled, with notional savings of £325,650 and £23,160, respectively, and the cancellation of 13 residents parking permits.
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 £42,105 and future liability of £22,879 per year in future years.
7	Pro-Active Exercises	N/A	Not yet started	The potential duplicate payments identified through NFI are being used as a sample of creditors information to conduct additional checks to ensure that the creditors being paid have been through the appropriate procurement processes (where necessary) and that contracts are in

Ref	Activity	Days used	Current status	Summary of activity
				place and listed on the contracts register. This will not only identify potential fraud/error but also provide data to the Category Management team to inform the contracts register. Credits for checks on credit history information were purchased via the KIN for SPD reviews, however the Revenues team have been unable to progress this work due to resourcing issues and the credits expire 31 March 2024. We are now proposing to use these credits for a data match against housing tenancy data to identify potential sub-letting.

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
Council Tax	223	15 cases concluded with no evidence of fraud. 208 cases concluded with the removal of the council tax discount/exemption or reduction.	£171,879 (Historic Liability) £87,216 (Additional liability for future years)	N/A	N/A
Tenancy	4	Three cases concluded with no evidence of fraud. One case closed with the recovery of a council property.	N/A	£93,000	N/A
School Admissions	5	Two cases concluded with no action and three concluded with the offer of a school place withdrawn.	N/A	N/A	N/A

Responsive investigation work: internal investigations

The 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
Improper conduct	Allegations were received from a member of the public relating to a member of staff, including rude behaviour and failure to do their job properly. The investigation concluded that there was no case to answer.

Allegation	Investigation activity & recommendations
Misuse of computer access	Member of staff accessing DWP records to check the details of a relative. An investigation was completed and resulted in the employee receiving a final written warning after admitting that they knew they should not have accessed the records.
Abuse of position	Staff member alleged to be using their position to financially abuse a vulnerable resident. The staff member in question resigned before the investigation was concluded, however the matter had already been referred to Police, who are now progressing a criminal case and the Disclosure and Barring Service have been informed.
Bullying/harassment	HR were approached separately by two employees about the conduct of their manager, however neither wanted to progress with a formal complaint. HR requested that the investigation take place anyway and this resulted in advice being provided to senior managers and the matter being dealt with informally.
Fraud by abuse of position	Allegations received about someone making a gain from the homes for Ukraine scheme. Was identified that the individual was not employed by the council and related to DWP administered funds, so the information was passed to the DWP for further investigation.

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
9	Liaison with the DWP	3.4	The team have responded to requests for Housing Benefit data linked to DWP investigations, providing all necessary details.
10	Responding to information requests	19.5	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.
11	Partnership Liaison	0.2	Officers have attended a meeting for the Kent Branch of the Tenancy Fraud Forum.

5. Performance Monitoring

- 5.1 The Counter Fraud Plan includes a suite of 11 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 11 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:	N/A	Annual outturn only
CF2	Proportion of non-qualified staff undertaking professional qualification training	N/A	25%
CF3	Time spent on Professional qualification training:	N/A	12.2
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	35.7
LA Specific Performance Measurements			
CF5	Proportion of estimated resources delivered	N/A	35%
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% 3% 87% 8%
CF7	Number of investigations closed	N/A	239
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	£259,095 £93,000 £0
CF9	Number of civil actions resulting from investigative activity a) Civil penalties for negligence b) Right to Buys cancelled c) Council Properties recovered	N/A	0 0 1
CF10	Number of criminal sanctions applied a) Cautions b) Administrative Penalties c) Prosecutions		0 0 0

Ref	Indicator	Target	Outturn for period
CF11	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued at the end of 2023-24.