

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

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# Counter Fraud Update

Medway Council

For the period:

1 September – 30 November 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. One Officer continues to progress through their apprenticeship, and another recently passed a Level 5 investigation course with distinction on all modules. One of our Intelligence Analysts has just commenced a Level 4 apprenticeship in Intelligence Analysis.
- 2.2 The first stage of the fraud risk assessments has now been completed and meetings are currently underway with services to assess controls and residual risk scores ready to create a fraud risk register. There has been a significant amount of work in the area of fraud awareness with around 16 sessions conducted via iShare that were all well attended. Some publicity was pushed out via the council's social media channels during fraud awareness week in November.
- 2.3 The continued progress with the National Fraud Initiative exercises means that the team have been working on the most recent 2022-23 exercise only for some time and the bulk of those matches had been dealt with, although an additional 4,424 matches were received in November. The submissions for the 2023-24 council tax exercise will commence in December.
- 2.4 Investigative activity during the period has led to cashable savings of £11,740. This is lower than usual but is partly due to resource being directed to prevention work and the internal cases taking priority. The team continue to progress a number of investigations into various fraud types, including revenues, blue badge, 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 while there have been no closure notifications, claim reassessments as a result of DWP activity have resulted in Housing Benefit overpayments totalling £13,580 and excess CTR awards of £3,202.

# 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 staff days available for Medway for the period 1 September to 30 November 2023 amounted to 243.6 days. Of this time:
- 13.7 days (5.6%) was spent on fraud awareness & prevention,
  - 25.7 days (10.5%) days on pro-active counter fraud activity,
  - 191.6 days (78.7%) on investigation activity (107.1 days fraud investigations, 84.5 days internal disciplinary/grievance investigations), and
  - 12.6 days (5.2%) 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 19 days from the 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	2.2	In Progress	Officers from the Counter Fraud team are now meeting with services to discuss the inherent fraud risks, assess the controls in place and make recommendations for additional controls as appropriate. Once all the assessments have been completed, these will be transferred to a fraud risk register that will be presented to the Audit Committee.
2	Fraud awareness	8.1	In Progress	<p>Generic fraud awareness sessions detailing the types of fraud the council may face and the impacts on council services were available throughout October and November on iShare and all were well attended by officers from both Medway and Gravesham. We will now be moving to monthly sessions to continue to push the message out to the organisation.</p> <p>Officers ran an awareness session at a local school with A Level Law Students, discussing fraud offences and possible defences. They also ran some mock interviews, which produced some interesting defences from the students and proved to be a useful training exercise for the officers themselves.</p> <p>During fraud awareness week (12-18 November) a number of posts were shared on the council's social media pages, but the reach appears to have been fairly limited and only a few negative and unconstructive comments received from members of the public.</p>
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
4	National Fraud Initiative	25.7	In progress	A total of 9,667 matches were originally received across the various reports included in the 2022-23 NFI Exercise. The counter fraud team have reviewed most of the reports with assistance from some other services, including those relating potential duplicate creditor payments. As of 30 November, only 494 matches from the initial batch were awaiting their first check, however, a further 4,424 matches were received in November following approval from the Cabinet Office to conduct matching against HMRC data. These are yet to be checked and the majority relate to Single Person Discounts which will be subject to fresh data matching in December. Once the updated matching has been completed, analysis work will be undertaken to identify duplicates and focus resource on just the unique matches.

Ref	Activity	Days used	Current status	Summary of activity
				<p>37 matches are currently open for further enquiries and results to date include additional council tax of £151,142, plus additional liability of £10,135 in future years. 501 blue badges and 835 concessionary bus passes have been cancelled, with notional savings of £326,650 and £25,885, respectively, as well as 39 residents parking permits. There have also been 11 removals from the housing waiting list and duplicate creditor payments totalling £1,550 identified.</p> <p>Data submissions for the 2023-24 SPD to Electoral Roll exercise will take place in December with the results of that received within a few hours for work to commence.</p>
5	Kent Intelligence Network	N/A	Not yet started	Nothing to report.
6	Pro-Active Exercises	N/A	Not yet started	To date we have not undertaken any pro-active exercises but have commenced visits to all right to buy applicants as part of the application verification process. We have plans in place for some pro-active work with housing, which is due to commence in the coming weeks.

### Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	3	One case concluded with no evidence of fraud. Two cases concluded with the removal of the council tax discount/exemption or reduction.	£5,798 (Historic Liability) £2,454 (Additional liability for future years)	N/A	N/A
Finance	3	Three cases concluded with the identification of duplicate creditor payments.	£3,488.24	N/A	N/A
Housing	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
School	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A

### Responsive investigation work: internal investigations

The Counter Fraud Team conduct disciplinary/grievance investigations on behalf of HR into a range of matters that cannot be detailed in these reports. However, details of any disciplinary matters connected to criminal proceedings will be provided after the cases are concluded.

Allegation	Investigation activity & recommendations
	Nothing to report

### Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
9	Liaison with the DWP	1.2	The team have responded to requests for Housing Benefit data linked to DWP investigations, providing all necessary details. While there have been no closure notifications, we have received requests for claims to be reassessed based on evidence gathered and these have resulted in Housing Benefit overpayments totalling £13,580 and excess CTR awards of £3,202.
10	Responding to information requests	10.6	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	0.8	Officers have attended meetings for the Serious and Organised Crime Partnership.

## 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
<b>Non LA Specific Performance Measurements</b>			
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	Annual outturn only
CF3	Time spent on Professional qualification training:	N/A	12.7
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	7.5
<b>LA Specific Performance Measurements</b>			
CF5	Proportion of estimated resources delivered	N/A	56%
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	5.6% 10.5% 78.7% 5.2%
CF7	Number of investigations closed	N/A	12
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	£11,740 £0 £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 0
CF10	Number of criminal sanctions applied a) Cautions b) Administrative Penalties c) Prosecutions		0 0 0
CF11	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued

Ref	Indicator	Target	Outturn for period
			at the end of 2023-24.