

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

Counter Fraud Update

Medway Council

For the period:

1 December 2023 – 31 January 2024

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 Counter Fraud Officer continues to progress through their apprenticeship and is now approaching the end point assessment. One of our Intelligence Analysts is also progressing well with a Level 4 apprenticeship in Intelligence Analysis.
- 2.2 Meetings are currently being arranged with services to discuss fraud risks and complete the fraud risk assessments. These will be used to inform an overall fraud risk register that will be used to direct where counter fraud resource should be targeted and can also be used by internal auditors when considering fraud risks as part of the audit process.
- 2.3 There were no awareness sessions during the reporting period, but these are now scheduled monthly from February to June at present.
- 2.4 Work continues with the National Fraud Initiative exercises and the bulk of the additional 4,424 additional matches for the 22-23 exercise have been subject to initial checks. The matches received as part of the 2023-24 exercise have also been subject to their initial checks and SPD review letters are being issued.
- 2.5 Investigative activity during the period has led to cashable savings of £3,963. This low figure is partly due to the short reporting period, which included the Christmas break, but the team continue to progress a number of investigations into various fraud types, including revenues, blue badge, and housing.
- 2.6 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 £26,644 and excess CTR awards of £7,300.

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 December 2023 to 31 January 2024 amounted to 122.7 days. Of this time:
- 1.3 days (1.1%) was spent on fraud awareness & prevention,
 - 14.6 days (11.9%) days on pro-active counter fraud activity,
 - 98.9 days (80.6%) on investigation activity (33.8 days fraud investigations, 55.6 days internal disciplinary/grievance investigations, 9.5 days management activity), and
 - 8 days (6.5%) 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 12 days from the estimate of 735 days for counter fraud work.

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	0.9	In Progress	Officers from the Counter Fraud team are scheduling meetings 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	0	In Progress	There were no fraud awareness sessions during the reporting period, largely due to the high volume of activity during October/November and the Christmas break. Monthly sessions have been made available from February to June at present, which can be accessed 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
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. This has since increased to 14,118 following the release of additional matches during November and December 2023. As of 31 January 2024, 3,012 were awaiting their first check, the majority of which relate single person discounts matching against HMRC data. 36 matches are currently open for further enquiries. Approximately 2380 matches were in December 2023 as part of the 2023-24 SPD to Electoral Roll exercise. 703 matches were rejected due to duplication with existing matches from HMRC or because they had recently been checked as part of an earlier exercise. All the remaining matches have been subject to their initial check and 215 remain open for further enquiries.
5	Kent Intelligence Network	N/A	Not yet started	The Revenues team identified a new premises for business rates liability from information received via KIN during quarter three. This has resulted in additional business rates of £10,561, with an additional £9,335 in future years. As yet, there have been no cases requiring the involvement of counter fraud.
6	Pro-Active Exercises	N/A	Not yet started	No activity in the period.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Blue Badge	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Council Tax	5	Five cases concluded with the removal of the council tax discount/exemption or reduction.	£1,563 (Historic Liability) £2,400 (Additional liability for future years)	N/A	N/A
Housing	2	Two cases 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

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	0.1	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 a claim to be reassessed based on evidence gathered and this resulted in a Housing Benefit overpayments totalling £26,644 and excess CTR awards of £7,300.
10	Responding to information requests	7.6	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	0.3	Officers have attended meetings for the Kent & Medway Fraud Panel.

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	Annual outturn only
CF3	Time spent on Professional qualification training:	N/A	13.1 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	2.2 days
LA Specific Performance Measurements			
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	1.1% 11.9% 80.6% 6.5%
CF7	Number of investigations closed	N/A	9
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	£3,963 £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.