

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 1 DECEMBER 2020**

**CORPORATE COUNTER FRAUD MID YEAR REVIEW**

**REPORT BY CATHIE WYLLIE, SERVICE LEADER (INTERNAL AUDIT)**

**ABSTRACT**

This report provides a summary of the work undertaken by the Corporate Fraud Team (CFT) during the 6 months to 30 September 2020.

**1. RECOMMENDATION(S)**

It is recommended that the Scrutiny and Audit Committee review and scrutinise the contents of the report.

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN**

This report supports the Council's zero tolerance approach to fraud and corruption, which in turn supports services in the delivery of corporate priorities set out in the Local Outcomes Improvement Plan and the Corporate Plan.

**3. BACKGROUND**

The CFT is a specialist investigative team which operates within Strategic Policy, Transformation & Public Sector Reform.

Angus Council acknowledges its responsibility for ensuring the risks and negative impacts associated with fraud are managed effectively and any allegations of fraud and corruption are investigated by CFT staff in partnership with Council colleagues where appropriate.

The continued work of the CFT plays a key role in the Council's response to the risk of fraud and corruption.

**4. 2020/21 OVERVIEW**

Team Resource

Supported by the Council's Change Fund an additional Counter Fraud Officer was appointed in May 2019 on a temporary basis until May 2021. This has provided the team with additional capacity to meet the demand for counter fraud services. Team capacity, including the additional post, is 3.6 FTE.

Covid-19

The Covid-19 restrictions caused an interruption in aspects of Counter Fraud work most significantly in the suspension of investigatory meetings and in the issue of data matching correspondence to citizens. A member of the CFT was redeployed to work in the Council's Covid-19 emergency response centre.

In Covid-19 business support grants the CFT worked with Revenues colleagues to consider the pre-payment counter fraud options. The CFT shared details of bank accounts thought to have been used in fraudulent applications with other Scottish Councils. The national list was provided to Revenues officers to allow cross-checking prior to payment.

Suspected fraudulent applications were referred to Police Scotland, including supporting details and documents, for further investigation.

Intelligence received from third parties such as other councils, the Scottish Local Authority Investigator's Group, the National Anti-Fraud Network and Police Scotland was shared appropriately to services within the council.

The CFT contributed to a review of the Food Fund spending guidance.

#### National Fraud Initiative (NFI)

The National Fraud Initiative is a counter fraud initiative which is undertaken every two years.

Council data has been uploaded for the 2020/21 NFI exercise with reports, which include potential discrepancies, due to be received in January 2021.

#### Data Matching

This activity is an area of work undertaken by the team to detect fraud and ensure the accuracy of Council records. Supported by the Council's Change Fund a data matching initiative with a private sector partner has compared the Council Tax record with the credit reference agency data. The CFT are interrogating the output of the data match to establish where fraud/incorrectness exists.

#### Whistle-blowing

Work in reviewing the Whistle-blowing arrangements of the council is ongoing and the Whistle-blowing Policy is currently being redrafted.

The CFT have represented the Council at meetings to progress a joint agreement between NHS Tayside, Angus, Dundee City and Perth & Kinross councils. The agreement will set out how staff employed by the NHS board or the local authority, for example those working in a Health and Social Care Partnership, can raise concerns about services that are the responsibility of either the NHS board or the local authority.

#### Chartered Institute of Public Finance & Accountancy (CIPFA)

The CFT contributed to the annual assessment of fraud risk conducted by CIPFA which will culminate in the forthcoming publication of the 2020 Fraud and Corruption Tracker report.

#### Corporate Fraud

Corporate Fraud includes instances where individuals seek to profit from their position as employees and cases where a third party uses deception to cause a loss to the Council.

An investigation has been concluded into an alleged employee theft in a service area within Children, Families and Justice. Recommendations have been made to effect improvements to internal controls to prevent a re-occurrence.

There are four ongoing investigations in respect of allegations of fraud or theft.

#### Fraud prevention

Counter fraud policies are endorsed by this committee and senior management and are communicated to employees of the Council in the annual governance reminder.

The CFT uses the Council's electronic communication channels to publicise fraud risks, the availability of e-learning and to assist officers in their responses to suspicions/allegations.

Counter Fraud investigations can result in counter fraud controls being recommended and such recommendations are now being recorded on the Pentana system. Summary information will be included in the Internal Audit Activity reports provided to this committee.

## **5. FORTHCOMING PRIORITIES**

The CFT will continue to work with service colleagues to prevent, detect and investigate suspicions of fraud. This will play a significant role in not only protecting public assets but in encouraging fairness, process improvements and promoting a healthy culture within the council.

The output from the credit reference agency data match will continue to be processed.

The output from the National Fraud Initiative, when received, will be processed.

Targeted promotion of the counter fraud e-learning course will raise awareness of the Council's zero tolerance approach, the fraud risks faced and the means of reporting suspicions of fraud.

## **6. FINANCIAL IMPLICATIONS**

Counter fraud work can result in the identification and recovery of financial losses. During the period to 30 September 2020, the CFT identified losses in excess of £28k (same period 2019 £105k) from investigative work. The deficit between years is a consequence of several factors including the suspension of aspects of counter fraud work, the redeployment of counter fraud resource due to Covid-19 and the initial work required to progress the credit reference data match.

Action is taken by Angus Council to recover monies and where successful the recovery of amounts results in income for the Council.

Additional financial benefits have accrued by the CFT's work in disrupting fraudulent activity, preventing fraud by fraud awareness action and by improving internal controls.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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