

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 30 NOVEMBER 2021

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 2021.

1. RECOMMENDATION

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

2. ALIGNMENT TO THE COUNCIL 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 Council Plan.

3. BACKGROUND

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

3.2 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.

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

4. CURRENT POSITION

4.1 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 2022. 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.

4.2 Corporate fraud

Corporate Fraud includes instances where individuals seek to profit from their position as employees and cases where a third party will use deception to cause a loss to the Council. The reporting period has seen five investigations concluded. This work has included investigations into alleged theft of council property, receipt of improper payments and missing monies. Disciplinary action has followed where appropriate and recommendations have been made to effect improvements to internal controls and to prevent incident re-occurrence. There are two ongoing corporate fraud investigations.

- 4.3 Data matching
This activity is an established area of work undertaken by the team to detect fraud and ensure the accuracy of Council records. A data matching initiative with a private sector partner has compared the Council Tax records with the credit reference agency data and provided a large pool of work. The CFT interrogation of the output is ongoing.
- 4.4 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 and to promote fraud awareness.
- 4.5 Counter fraud investigations can result in counter fraud controls being recommended and, where appropriate, such recommendations are recorded on the Pentana system. Summary information is included in the Internal Audit Activity reports provided to this committee.
- 4.6 Housing tenancy fraud
The CFT investigate tenancy fraud with colleague partners from the Housing service. Effective investigation of tenancy fraud allows for the efficient management of housing stock and frees accommodation for those in genuine need. The investigation of tenancy fraud allegations has led to the successful recovery of two Council properties in 2021/22.
- 4.7 Whistleblowing
Work in reviewing the Whistle-blowing arrangements of the council is nearing conclusion and on 30 September 2021 the draft policy was the subject of minor revision after a review by the Council Leadership Team.
- 4.8 Covid-19
The CFT concluded an exercise with colleagues in Strategic Policy & Economy to review Strategic Framework Business Fund awards scheduled for payment in April 2021 and in doing so ensured that only eligible payments were made.
- 4.9 National Fraud Initiative (NFI)
The National Fraud Initiative is a counter fraud initiative which is undertaken every two years with the Council participating on a mandatory basis. Reports containing potential discrepancies have been received during 2021. CFT led reviews of these reports are well advanced, and an NFI update report has been prepared for this committee.

5. FORTHCOMING PRIORITIES

- 5.1 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.
- 5.2 The credit reference agency data match is still producing successful outcomes, and work on this will continue. Planning for future data matches is ongoing.
- 5.3 The output from the National Fraud Initiative will be processed.
- 5.4 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.
- 5.5 Self-assessment of Counter Fraud arrangements using recognised national standards.

6. FINANCIAL IMPLICATIONS

- 6.1 Counter fraud work can result in the identification and recovery of financial losses. During the period to 30 September 2021, the CFT identified losses in excess of £51k (same period 2020 £28k) from investigative work. Action is taken by Angus Council to recover these monies and where successful the recovery of amounts results in income for the Council.
- 6.2 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.

7. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment has been completed.

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.

LIST OF APPENDICES:- Appendix 1 EIA

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