

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 29 NOVEMBER 2022

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 2022.

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

The contents of this report support 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 charged with preventing, detecting, and investigating fraud.

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 rigorous approach taken to counter fraud work helps ensure that the Council experiences a low incidence of fraud relative to the scale of our operations. There is no room for complacency in the ongoing efforts to counter fraud. CFT activity in addressing fraud risks disrupts fraudulent schemes with the additional value of preventing future losses and greater harms.

4. CURRENT POSITION

4.1 Fraud risks

The CIPFA Fraud and Corruption Tracker 2020 report indicates that the main types of external fraud facing local authorities are in Council Tax, Housing, Disabled Parking and Business Rates.

4.2 Team resource

The CFT is resourced to meet the demand for counter fraud services with current capacity of 3.5 FTE.

4.3 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 nine investigations concluded. Allegations investigated include reports of abuse of working hours, corrupt practice, missing

monies, fraudulent grant claims, falsified fit notes, and undeclared conflicts of interest. 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 four ongoing corporate fraud investigations.

4.4 Data matching

This activity is an established area of work undertaken by the team to detect fraud and ensure the accuracy of Council records involving the electronic comparison of different data sets. A data matching exercise comparing the electoral roll with the Council Tax records is ongoing.

4.5 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 publicises fraud risks and promote fraud awareness in person and using the Council's electronic communication channels.

4.6 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.

4.7 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 2022/23.

4.8 National Fraud Initiative (NFI)

The National Fraud Initiative is an exercise that matches electronic data to prevent and detect fraud. The NFI is undertaken every two years with the Council participating on a mandatory basis. Data has been extracted to be submitted in the 2022/23 exercise. Separate NFI updates are prepared for this committee.

4.9 Serious Organised Crime

An assessment of the Council's response arrangements to the threat of Serious Organised Crime (SOC) has seen the appointment of a SOC Single Point of Contact for the Council. SOC training and awareness activity is planned.

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 Work with Police Scotland to create awareness of the risks of SOC.

5.3 Completion of the data match between the electoral register and Council Tax records. Planning for future data matches is under consideration.

5.4 Processing the output from the National Fraud Initiative 2022/23 exercise. Receipt of this information is due in January 2023.

5.5 Promotion of the council's zero-tolerance stance to fraud, of the fraud risks faced and the means of reporting suspicions of fraud and the counter fraud service.

6. FINANCIAL IMPLICATIONS

6.1 Counter fraud work can result in the identification and recovery of financial losses. During the 6 month period to 30 September 2022, the CFT identified losses in excess of £64K (same period 2021 £51K) from investigative work. Action is taken by Angus

Council to recover these monies and where successful this recovery provides 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

- 7.1 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.

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