

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 28 NOVEMBER 2023

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 2023.

1. RECOMMENDATION

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

2. ALIGNMENT TO THE COMMUNITY AND COUNCIL PLANS

- 2.1 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 Angus Community and Council Plans.

3. BACKGROUND

- 3.1 The CFT is a specialist investigative team which operates within the Internal Audit Service 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. 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 Team resource

The CFT is resourced to meet the demand for counter fraud services with a current capacity of 3.3 FTE.

4.2 Fraud risks

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

4.3 Fraud awareness

The refreshed Annual Governance eLearning was launched in April 2023. This eLearning includes a statement on the Council's counter fraud position and links to the Fraud Response Plan and counter fraud page on the corporate intranet.

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 promotes fraud awareness in person and using the Council's electronic communication channels. The counter fraud eLearning course is placed prominently on the Always Learning platform.

In this reporting period fraud awareness sessions have been held with Contact Centre and Economic Development service officers.

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.

4.4 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 thirteen investigations concluded. Allegations investigated include reports of working-time fraud, misuse of council resource, abuse of position, theft, missing monies and a fraudulent service application. 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 three ongoing corporate fraud investigations.

4.5 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 records of a credit reference agency with Council Tax records is ongoing.

4.6 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. Investigations in respect of the 2022/23 exercise are ongoing and have identified required corrective action in Blue Badge Disabled Parking and duplicate creditor payments. Separate NFI reports are prepared for this committee.

4.7 Anti-Tax Evasion Policy

The Criminal Finances Act 2017 (CFA) created corporate offences where a person associated with a corporate body facilitates the commission by another person of a tax evasion offence. The Council is required to take measures to prevent tax evasion and an Anti-Tax Evasion Policy and action plan were drafted and approved by the Policy & Resources Committee (229/23).

5. FORTHCOMING PRIORITIES

5.1 To ensure the progress and completion of the 2022/23 NFI data matching exercise and the data match between the credit reference agency and Council Tax records.

5.2 To continue to provide counter fraud advice to services and respond to information requests from investigatory partners to assist with the prevention and detection of crime.

- 5.3 To provide ongoing fraud awareness by sessions with staff and electronic messaging.
- 5.4 To progress work to address the risks associated with Serious Organised Crime.
- 5.5 To update the CIPFA self-assessment against the Code of Practice on Managing the Risk of Fraud & Corruption.
- 5.6 To progress the effective implementation of the Anti-Tax Evasion Policy.

6. FINANCIAL IMPLICATIONS

- 6.1 Counter fraud work can result in the identification and recovery of financial losses. During the period to 30 September 2023, the CFT identified losses in excess of £27k (same period 2022 £63k) from investigative work. This does not include future losses which would have accrued without CFT intervention. 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 is not required, as this report is providing reflective information for elected members.

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.

REPORT AUTHOR: Ewan Ritchie, Team Leader – Counter Fraud
EMAIL DETAILS: ChiefExec@angus.gov.uk