

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	12 December 2018
Subject:	Counter Fraud Unit Report
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	1

Executive Summary:

The purpose of the report is to provide assurance over the counter fraud activities of the Council.

Work plans for 2018/19 are presented to the Audit Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually; for Tewkesbury Borough Council this will be at the July and December meetings.

Recommendation:

To CONSIDER the six monthly update from the Counter Fraud Unit.

Reasons for Recommendation:

The Audit Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

In administering its responsibilities, this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

Resource Implications:

The report details financial savings generated by the Counter Fraud Unit.

Legal Implications:

In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

The Counter Fraud Unit adheres to the appropriate legislation when conducting work on behalf of the Council and other partners.

Risk Management Implications:

The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit provides assurance in this area.

Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.

If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

Performance Management Follow-up:

Regular updates are provided by the Counter Fraud Manager to the Head of Finance and Asset Management and the Head of Corporate Services. Biannual reports in relation to counter fraud work will be made to the Audit Committee.

Internal Audit and the Counter Fraud Unit have a formalised protocol and now meet quarterly to review the current work plan and assess any areas of risk.

Policy documentation will be presented when required to the Management Team.

Environmental Implications:

Not applicable.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Audit Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2** Work plans for 2018/2019 have been agreed with the Chief Finance Officers and Corporate Leadership / Management Teams and work is underway. The Audit Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.3** The Unit is working directly on behalf of all the Gloucestershire Authorities and West Oxfordshire District Council.
- 1.4** Regular updates are provided by the Counter Fraud Manager to the Chief Finance Officer. Internal Audit and the Counter Fraud Unit have a formalised protocol and now meet quarterly to review the current work plan and assess any areas of risk.
- 1.5** Policy documentation will be presented when required to the Management Team.
- 1.6** The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually, for Tewkesbury Borough Council this will be at the July and December meetings.

2.0 WOK PROGRAMME 2018/19 AND RESULTS

- 2.1** The work plan for 2018/19 has been developed with a focus on the priorities set out in the Home Office UK Anti-Corruption Strategy 2017 – 2022. The team will be concentrating on promoting integrity across the public sector and reducing corruption in public procurement.
- 2.2** The Counter Fraud Unit has continued to add value in areas associated with risk and a copy of the work plan is attached at **Appendix 1**.
- 2.3** More specifically over the period July 2018 to date, the team have supported the Council in the following areas:
- 2.3.1** Full review of the Housing List.
- Verification of applications within Emergency Band (41 applications), Gold Band (109 applications) and Silver Band (587 applications). 277 applications have been referred for removal or review, results are pending.
 - Whilst undertaking this, the Counter Fraud Unit also processed the related National Fraud Initiative anomalies which resulted in 44 applications being removed and one banding change from the waiting list.
 - Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £10,000 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised. In addition, the result of the band reprioritisation is that those families who are correctly banded have a greater chance of being housed and more speedily.
- 2.3.2** From September 2018, the Counter Fraud Unit has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and is the single point of contact for Department for Work and Pensions Housing Benefit investigations.
- 2.3.3** Full review of the Rating List.
- The Rating List is compiled by the Valuation Office Agency (VOA), but Tewkesbury Borough Council has a statutory duty to provide the Listing Officer with any information required to assist in the compilation and maintenance of the Rating List. The Revenues and Benefits Manager has commissioned this piece of work as she considers there is additional income from business rates which will be identified through undertaking a full review of the Rating List. The work undertaken by the Counter Fraud Unit supports the Revenues Inspection Officers who have been concentrating on Council Tax in order to maximise income from Council Tax and New Homes Bonus.
 - To date, 949 hereditaments have been visited and the Counter Fraud Unit has referred 90 cases back to the Revenues Team which has reviewed the information and made adjustments to business rates accounts where it has been necessary to do so. This has been done in 58 cases so far with outcomes as follows:

Already amended	3
Awaiting further action	21
Awaiting further information	1
Referred, but liability correct or no further action required	9
Couldn't locate	1
Minor address change	5
New liability identified	16
Referred to VOA	2

- In the cases where a new liability has been identified, it is estimated this will result in accelerated income of **£76,246**. This is not necessarily additional income but its identification means that it will be billed sooner than would otherwise be the case. Some of new liabilities identified may receive small business rate relief which in itself is a positive outcome as Tewkesbury Borough Council receives Section 31 grant for this and it also provides valuable financial support to the business community.
- It is anticipated that some of the cases Tewkesbury Borough Council refer to the Valuation Office Agency will result in previously unidentified income and an update on this will be provided.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Work plans for 2018/19 have been agreed with the Head of Finance and Asset Management and the Head of Corporate Services.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Counter Fraud and Anti-Corruption Policy.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 This is a positive example of joint working across the County. The existence of counter fraud activity acts as a deterrent to the abuse of public funds which impacts positively on the economy and local demographic.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 The service is a shared one across the county and as such overheads and management costs are also shared equally meaning there is increased value for money.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 Counter Fraud and Anti-Corruption Policy approved at Executive Committee in October 2016.

Background Papers: Report to Council January 2017; Counter Fraud Unit Business Case.

Contact Officer: Counter Fraud Manager Tel: 01285 623356

Appendices: Appendix 1 – Work Plan 2018/19