

Project Update for June Audit Committees

1. Audit Partnership Work - Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council

Two Cotswold cases of alleged theft and corruption against the Council (external attempts) are being investigated; work is on-going.

Internal allegations in relation to staff investigations where criminal offences are identified are being passed to the Counter Fraud Unit (CFU), if appropriate. Reports and recommendations are being presented to Directors and Heads of Service at suitable intervals.

Transparency data capture and general counter fraud data recording and reporting across all partners is being implemented to ensure consistency.

The drafting of a Counter Fraud and Anti-Corruption Policy and full approval process has been completed at all three authorities; staff and Member awareness training to be undertaken.

The team has drafted more extensive fair processing notices and statements to reflect legislative requirements and any future data matching. Draft report to be presented to Corporate Management/Senior Leadership Teams for implementation throughout the Councils.

The team is actively involved in alleged money laundering investigation. Case referred to HM Revenue and Customs, team now pending update.

2. Cheltenham Borough Council - Operational Work

The Counter Fraud Officers currently undertake the single point of contact role and act as the Department of Work and Pensions (DWP) liaison following the transfer of Benefit Fraud investigation to the Single Fraud Investigation Service, DWP. The team also investigates any allegations related to Council Tax Reduction Scheme offences on behalf of the Revenues and Benefits Department. Agreed financial contribution made annually by the Council for this work - secured to 2020.

From 1st March 2016 to 31st May 2016:-

- 49 fraud referrals received;
- 16 referred on to the single fraud investigation service for investigation;
- 25 cases opened within the team;
- 1 case referred to a Housing Provider for further action;
- 6 awaiting allocation;
- remaining 2 cases closed.

Investigation cases involving Council Tax Reduction Scheme dealt with by the team:-

- overpayments identified (open cases after 1st March 2016) = £1,170;
- 2 prosecutions - both sentenced:-

Twynning received 8 months' imprisonment;

Moxey and Lawrence - Lawrence received 4 years' imprisonment, Moxey received 2 years' imprisonment. This case is a joint investigation with the Police in relation to counterfeit currency and tobacco smuggling. Cheltenham Borough Council is to receive £21,500 in compensation via Proceeds of Crime Confiscation Order;

- 1 prosecution - listed for trial next week

The housing list review resulted in 51 cancelled applications (7 Gold Band and 44 Silver Band) representing £918,000 in loss avoidance. Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £18,000 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised. £18,000 is the Audit Commission figure for the average annual cost to a Local Authority when housing a family in temporary accommodation. In addition, 56 applications have been downgraded to Bronze band. The result of this reprioritisation is that those families who are correctly banded have a greater chance of being housed and more speedily.

The team prepared a review report to analyse the piece of work and include recommendations regarding future processes and system reviews.

Following the sample single person discount review, the team prepared a report reviewing the Council Tax discount work to include recommendations regarding future processes and system reviews. We are awaiting updates and instruction in relation to further discount and/or exemption fraud drives.

Service of Court documents on behalf of Housing Benefit debt recovery:-

- Customer debt of £856 paid, costs of £100 outstanding.

3. Cheltenham Borough Homes

Tenancy Fraud work continues and Cheltenham Borough Homes have agreed a financial contribution for work to be undertaken during 2016/2017.

From March 2016 to date:-

- 1 Right to Buy Application prevented;
- 1 property recovered;
- 17 on-going investigations;
- 1 prosecutions - listed for trial in July 2016;
- 1 eviction pending.

National Anti-Fraud Network Membership - introduction to the not for profit organisation which provides data and intelligence to system users. The system is used for trace and debt recovery work.

A corporate strategy is being implemented with regard to referral mechanisms, investigating and reporting.

Detailed reports have been issued to Cheltenham Borough Homes suggesting high risk areas and proactive fraud drives which the team could assist with. The team also produced

a review of work undertaken so far highlighting any risks and learning points with remedial recommendations.

Quarterly management meetings are now underway to assess open cases, review processes and plan future work streams.

4. Tewkesbury Borough Council

Work has now commenced in relation to the Housing List review on behalf of the Housing Options Team. The housing list review has identified 150 applications that appear to have been banded incorrectly or are ineligible. The cases have been referred to the Housing Options Team for review. Currently, there have been 3 cancelled applications (all Gold Band) representing £54,000 in loss avoidance. In addition, 2 applications have been downgraded to a lesser band.

A Single Person Discount review has been undertaken by Tewkesbury Borough Council. The team is carrying out more robust checks on the replies received on behalf of the Revenues Department. Approximately 60 responses have been received and the team has requested further verification information in each case.

5. Gloucestershire County Council

The Head of Audit Risk Assurance and Insurance Services is a member of the Project board and she is therefore fully appraised in relation to project work and key milestones.

The team has undertaken the drafting of Secondment Agreements (Section 113 of the Local Government Act 1972), for two Investigation Officers to undertake counter fraud work for the County Council. Legal representatives at Gloucestershire County Council and Cheltenham Borough Council have given final approval in relation to costs. However, final approval is pending in relation to the inclusion of an insurance indemnity clause. Following joint approval, the secondment agreements can be signed and operational work can be commenced.

6. Stroud District Council and Gloucester City Council

The shared service arrangements in relation to Internal Audit services have now commenced with Gloucestershire County Council.

Engagement meetings to be conducted with the Chief Finance Officers in July 2016 to ensure project awareness and to gain approval for feasibility work to be undertaken.

7. Forest of Dean District Council

A meeting with the Head of Internal Audit Team is to be arranged to discuss the project and appropriate engagement.

The Chief Finance Officer is to be consulted and agreement obtained for the commencement of some feasibility work.

8. Housing Associations/Registered Social Landlord's

Draft Goods and Services Contract developed for engagement with Registered Social Landlords for the provision of Tenancy Fraud work.

Agreement received from Cheltenham Borough Homes to support and endorse this based on results and work undertaken by the team.

9. Training

Training has been completed for HR, Audit and Investigation staff across the County in relation to undertaking Employment/Internal Investigations. To incorporate any relevant updates or process changes, the team will engage with HR and management.

Criminal Procedure and Investigations Act - refresher and updates being planned and rolled out across the County for all Enforcement, Legal and Audit members of staff.

Regulation of Investigatory Powers Act - refresher and updates being planned and rolled out across the County for all Enforcement, Legal and Audit members of staff.

A Proceeds of Crime Seminar was conducted by Barristers from Albion Chambers on 14th June 2016 to provide an overview highlight where this legislation could be utilised within the Councils.

Grant Thornton has requested the Counter Fraud Team be involved in the Audit Committee Member Awareness Sessions to be conducted in July 2016. A project overview and fraud awareness plan being developed for presentation.

10. Data Warehouse/Case Management System

The tender documentation is in draft form. The team is working closely with ICT, Procurement and Legal Departments to ensure process compliance and best practice.

11. Policies

A Counter Fraud and Anti-Corruption Policy has been formally adopted by this Council, Cheltenham Borough Council and West Oxfordshire District Council.

A new Regulation of Investigatory Powers Act policy has been drafted to cover staff obtaining communications data; approval across the partnership has commenced.

The team has been given responsibility for the Whistle Blowing Policy which needs to be redrafted for use across all partners. We are also looking at the Money Laundering and Proceeds of Crime Policies.

12. Procedures

The investigation referral procedure needs to be worked on and adopted accordingly across the County and the partners.

The team is working on a Lone Working Procedure. We have researched and found appropriate lone working devices. Legal agreement received in relation to the contract; devices to be obtained.

13. Other Work Streams

Work has also been planned in relation to a generic document pack for Gloucestershire for criminal investigation, to include all the relevant investigation, interview under caution and prosecution processes.

A new referral inbox for County use will be advertised as we update the relevant intranet/internet pages to be used by staff, members or the general public. We are also trying to find an appropriate fix for telephone referrals.

Paperwork received in relation to signing the Memorandum of Understanding with HM Revenue and Customs - liaison with all enforcement teams.

A work stream to engage the Police and enter into an appropriate joint working mechanism is to be commenced.

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