



AUDIT COMMITTEE

28TH JUNE 2016

AGENDA ITEM (14)

COUNTER FRAUD UNIT UPDATE AND DRAFT BUSINESS CASE

Accountable Members	Audit Committee
Accountable Officer	Jenny Poole Group Manager - GO Shared Services 01285 623313 jenny.poole@cotswold.gov.uk
Report Author	Emma Cathcart Counter Fraud Team Leader 01285 623356 emma.cathcart@cotswold.gov.uk
Purpose of Report	<p>To present the Audit Committee with a summary of the activity undertaken by the Counter Fraud Unit in order to provide assurance over the counter fraud activities of the Council and the on-going project.</p> <p>To present the Audit Committee with the draft Counter Fraud Unit business case. The Committee is asked to review the business case to provide comments for consideration during the consultation period.</p>
Recommendation(s)	<p>(a) That the Audit Committee notes the project summary and makes comment as necessary.</p> <p>(b) that the Audit Committee considers the business case and provides comments thereon to the Cabinet, to aid decision making.</p>
Reason(s) for Recommendation(s)	<p>The Audit Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity.</p> <p>The Audit Committee is asked to consider and comment on the business case as the body charged with governance in this area.</p>
Ward(s) Affected	All.
Key Decision	Yes; in relation to the business case.
Recommendation to Council	No - the Committee's comments will be considered by the Accountable Officer during the business case consultation period before being formally presented to the Cabinet and Council in the future.

Financial Implications	As detailed in the project update and as detailed within the business case.
Legal and Human Rights Implications	As detailed in the project update and as detailed within the business case.
Environmental and Sustainability Implications	None directly arising from the report.
Human Resource Implications	As detailed in the project update and as detailed within the business case.
Key Risks	<p>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.</p> <p>Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.</p>

Equalities Impact Assessment	Not Required
-------------------------------------	--------------

Related Decisions	None
Background Documents	None
Appendices	<p>Appendix 'A' - Counter Fraud Unit Update</p> <p>Appendix 'B' - Draft Counter Fraud Unit Business Case</p>

Performance Management Follow Up	Regular updates are provided by the Counter Fraud Team Leader to Corporate Team, and quarterly reports in relation to counter fraud work will be made to the Audit Committee.
-----------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Options for Joint Working	<p>The Council is the lead authority for the Gloucestershire Counter Fraud project. This project is working across all of the Gloucestershire Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations. A summary of the project is provided to update the Committee.</p> <p>The attached business case has been prepared on the financial sustainability of creating a permanent counter fraud unit. The business case consultation period across all partners is from the current date to 30 September 2016.</p>
----------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Background Information	
<p>1. In February 2015, Audit Cotswolds was successful in a funding bid in a sum of £403,000 from the Department of Communities and Local Government (DCLG) on behalf of the Gloucestershire local authorities and West Oxfordshire District Council. The funding is a one-off payment to enable the introduction of a Gloucestershire-wide Counter Fraud Unit (CFU) that is able to use data matching to gather intelligence and skilled investigators to help counter all forms of fraud against the Councils and Social Housing Providers in the region.</p>	

2. This Council and Cheltenham Borough Council retained investigator resources under the direction of the Head of Audit Cotswolds. This CFU has been building the operational, legal and data matching requirements to deliver the project along with actual operational investigation of fraud. This has also included building the partnership network in the region and understanding what resources each authority had to contribute to the hub.

3. The shared Legal Services team at this Council and West Oxfordshire District and One Legal, on behalf of Cheltenham Borough Council, have been engaged to cover the data sharing and usage requirement, along with the access, accountability and authority provisions required at each organisation involved.

4. The CFU is in the process of creating a range of new policies and procedures to enable data matching and criminal investigations to be legally undertaken and in support of each service area. It is anticipated that the service will be a value adding unit that supports all enforcement sections including Revenues, Planning and Licencing, etc. In addition, the team may tackle fraud as it is discovered, with new intelligence/data matching software and reacting to normal referrals of fraud and whistleblowing. It is also in the process of developing an agreement with the Police and other enforcement agencies to aid in the early prevention/detection of fraud.

5. A project update is attached at **Appendix 'A'** as an update on progress.

6. The business case attached at **Appendix 'B'** has been drafted to reflect the financial sustainability of creating a permanent CFU which will serve the partner Councils across the region.

7. Consultation

7.1 The Gloucestershire Chief Finance Officer Group is the Governance Group for the project and receives quarterly updates on progress. West Oxfordshire District Council is also updated. The Officers received a copy of the draft business case on 9th June 2016 and have agreed to consult with individual Corporate Teams, Audit Committees and Cabinets. Consultation feedback is expected by 30th September 2016. Once it is known which Councils are supportive of the permanent CFU, the business case will be updated and formally reported to the Cabinet and the Council, if necessary.

7.2 This Committee is asked to consider the draft business case and to provide comments thereon to the Cabinet, to aid its deliberations in the future.

(END)