



AUDIT COMMITTEE

30TH APRIL 2018

AGENDA ITEM (8)

**COUNTER FRAUD UNIT REPORT AND
REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

Accountable Members	Audit Committee
Accountable Officer	Jenny Poole Group Manager for GOSS 01285 623313 Jenny.Poole@cotswold.gov.uk
Report Author	Emma Cathcart Counter Fraud Manager 01285 623356 Emma.Cathcart@cotswold.gov.uk

Purpose of Report	<p>To provide the Audit Committee with assurance over the counter fraud activities of the Council.</p> <p>To update Audit Committee in relation to work planning for 2018/2019 and report results since the last update as the body charged with governance in this area.</p> <p>The report also provides the Audit Committee with an update in relation to the Regulation of Investigatory Powers Act (RIPA) and the Council's existing policies and arrangements.</p>
Recommendation(s)	That the Audit Committee notes the report and makes comment as necessary.
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 counter fraud activity.</p> <p>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.</p> <p>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.</p>

Ward(s) Affected	All indirectly
Key Decision	No
Recommendation to Council	No

Financial Implications	<p>The report details financial savings generated by the Counter Fraud Unit.</p> <p>The Counter Fraud Unit financial reconciliation for 2017/2018 indicates a return of funds to the partner Council's. This is due to third party income increases and a delayed start date of staff and subsequent costs within the financial year.</p>
Legal and Human Rights Implications	<p>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.</p> <p>The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 'RIPA' 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.</p> <p>The Counter Fraud Unit adheres to the appropriate legislation when conducted work on behalf of the Council and other partners.</p>
Environmental and Sustainability Implications	None directly arising from the report.
Human Resource Implications	<p>Where the Counter Fraud Unit work plan includes employee training session, Managers will need to release employees to attend.</p> <p>The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment</p>
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> <p>If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.</p>

Equalities Impact Assessment	Not Required.
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Related Decisions	None.
Background Documents	None.
Appendices	None.

Performance Management	Regular updates are provided by the Counter Fraud Manager to the
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Follow Up	Corporate Management Team and biannual reports in relation to counter fraud work will be made to the Audit Committee. Policy documentation will be presented when required.
Options for Joint Working	The Council is the lead authority for the Gloucestershire Counter Fraud Unit. This Unit is working directly on behalf of all of the Gloucestershire Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

Background Information:

1. Counter Fraud Unit Report and Work Planning 2018/2019

1.1 The Unit is working directly on behalf of all the Gloucestershire Authorities and West Oxfordshire District Council.

1.2 Additionally, the Unit now provides counter fraud support to other public sector bodies: Cheltenham Borough Homes, Gloucester City Homes, Places for People, Bromford Housing, Ubico and Publica.

1.3 The Unit has an MOU and is now working with Trading Standards to provide financial investigation expertise to utilise Proceeds of Crime legislation.

1.4 The work plan for 2018/2019 is being 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.

1.5 The Unit will continue to add value in areas associated with risk and a copy of the work plan will be provided to Audit Committee when finalised.

1.6 The Counter Fraud Unit provides Audit Committee with direct updates biannually. The Audit Committee is the body which oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity. Additionally regular updates are provided to Corporate Management Team and the Governance Group.

1.7 Over the period October 2017 to March 2018, the team have supported the Council in the following areas:

- Assisting with investigations into alleged fraudulent activity by Council Officers: one officer has left the employment of the Council.
- Assisting the Planning Enforcement Team with investigatory support and undertaking a holiday accommodation review of Water Park residences.
- Assisting the Heritage and Conservation Team in relation to the prosecution of alleged breaches of Tree Preservation Orders: one case is listed for prosecution at Cheltenham Magistrates Court in June 2018.
- Assisting ERS with investigatory support relating to alleged building regulation offences.
- Review of the Community Project Grant process.
- Drafting of Corporate Policies – General Corporate Enforcement Policy and RIPA and the use of Social Media Policy both now undergoing consultation across the organisation and partner Councils.
- Assistance with tracing of individuals / general intelligence checks for debt recovery or estate information.
- Review of residential holiday lets: 421 properties reviewed / 100 properties visited which identified 28 discrepancies. The financial results of the review are pending.
- Review of business premises in Moreton-in-Marsh: 288 premises reviewed which resulted in a report of anomalies being issued to the Revenues Section. The financial results of the review are pending.
- Review of Agricultural Buildings: 154 records reviewed resulting in 128 site visits and 7 premises which require rating. The financial results of the review are pending and the review is ongoing.
- Working jointly with the Police in relation to a 'criminal cashback' case in which funds were fraudulently obtained from the Council. The CFU have provided witness testimony for future legal proceedings.

2. Background: Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016

2.1 The Council's own RIPA Policies are based on the requirements of The Regulation of Investigatory Powers Act 2000 (RIPA) and the Codes of Practice relating to directed surveillance and the acquisition of communications data.

2.2. The Policies are currently out for review and consultation following the introduction of the Investigatory Powers Act 2016 and related 2018 Codes of Practice and will be presented to Audit Committee for review and approval as soon as the consultation and redrafting has been completed.

2.3. The arrangements relating to officers involved in the authorisation of the RIPA process have been updated to reflect the transfer of staff to Publica. The Senior Responsible Officer is the Monitoring Officer, Bhavna Patel and the Authorising Officers are the Chief Finance Officer, Jenny Poole and the Head of Paid Service, Nigel Adams. The Investigatory Powers Office has been updated for their records.

2.4. The new RIPA Social Media Policy has been drafted and is now undergoing consultation across the organisation and the wider Counter Fraud Unit partnership.

2.5. The Council takes responsibility for ensuring its RIPA procedures are continuously improved and asks that any Officers with suggestions contact the RIPA Coordinator, Emma Cathcart, in the first instance. If any of the Home Office Codes of Practice change, the appropriate guide will be updated, and the amended version placed on the internet / published accordingly. Regular training sessions will also be provided to ensure that staff members are fully conversant with the Act.

2.6. There have been no RIPA applications made by the Council during 2017/2018. There has been one Non-RIPA application made by ERS.

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