



AUDIT COMMITTEE

16th April 2019

AGENDA ITEM (11)

COUNTER FRAUD UNIT REPORT

Accountable Members	Audit Committee
Accountable Officer	Jenny Poole Chief Finance Officer 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. The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually.</p> <p>Work plans are presented to the Audit Committee detailing progress and results for consideration and comment 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), the Investigatory Powers Act 2016 and the Council's existing policies and arrangements.</p> <p>To request Audit Committee consider a proposal that Cotswold District Council undertake prosecutions under the Prevention of Social Housing Fraud Act 2013 on behalf of social housing providers and clients of the Counter Fraud Unit.</p>
Recommendation(s)	<p>(a) That the Audit Committee notes the report and makes comment as necessary.</p> <p>(b) That the Audit Committee considers the proposal for the Council to provide legal support and carry our advocacy services for prosecutions under the Prevention of Social Housing Fraud Act 2013 to Counter Fraud Unit clients.</p> <p>(c) That the Audit Committee provides comments to the Cabinet, to aid deliberations and decision making on (b).</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 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</p>

	<p>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>
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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>If the Council agrees to provide legal support and advocacy services to Counter Fraud Unit clients with prosecutions under the Prevention of Social Housing Fraud Act 2013, the income generated would fund additional capacity costs of the Council's legal team. Overall the financial impact is expected to be cost neutral to the Council.</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 Counter Fraud Unit adheres to the appropriate legislation when conducted work on behalf of the Council and other partners.</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>
Environmental and Sustainability Implications	None directly arising from the report.
Human Resource Implications	<p>The HR team continue to work closely with the Counter Fraud Unit on all internal investigations.</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	Appendix A – Copy of work plan with results of work undertaken during 2018/19.

Performance Management Follow Up	Regular updates are provided by the Counter Fraud Manager to the Chief Finance Officer, Corporate Management Team and biannual reports in relation to counter fraud work will be made to the Audit Committee. Updates will also be provided to Cabinet Members. 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 Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

<p>1. COUNTER FRAUD UNIT REPORT</p> <p>1.1. 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.</p> <p>1.2. The work plan for 2018/2019 was developed with focus on the priorities set out in the Home Office UK Anti-Corruption Strategy 2017 – 2022. Corporately, the team have focussed on promoting integrity across the public sector through awareness training and by raising the profile of the Counter Fraud Unit.</p> <p>1.3. Work has commenced on the Home Office Bribery and Corruption Assessment. The template takes the organisation through a number of key questions to consider and better understand the threat and how the Council can mitigate the risks. Completion of the assessment is also being informed by the work SWAP are conducting in relation to Gifts and Hospitality and Declarations of Interest.</p> <p>1.4. In 2019/2020, focus will also move to reducing corruption in public procurement and the team will be working with the Procurement Team to review risks.</p> <p>1.5. Attached at Appendix A is a copy of the work plan which is provided to Audit Committee with results of work undertaken during 2018/2019.</p> <p>1.6. More specifically, over the period October 2018 to March 2019, the team have supported the Council in the following areas:</p> <ul style="list-style-type: none"> • Assisting the Planning, Heritage and Conservation Teams with enforcement and investigatory support. The work undertaken by Council's Tree Officer and the Counter Fraud Unit resulted in legal services being able to successfully prosecute a guilty plea under the Town and Country Planning Act 1990 for unlawful works to trees protected by a Tree Preservation Order was entered. The defendant received a fine of £120 and was ordered to pay £500 towards the Council's costs. • Assisting ERS with enforcement and investigatory support. The Council's Licensing Officer and the Counter Fraud Unit jointly undertook work which resulted in legal services obtaining a successful prosecution. A guilty plea relating to Taxi Licensing Offences was entered. The defendant received a fine of £150 and was ordered to pay £100 towards the

Council's costs. The investigation has resulted in the revocation of the individual's hackney carriage and private hire licence.

- Adoption of a revised Corporate Enforcement Policy.
- Assistance the Revenues and Housing Support Team with the National Fraud Initiative Data Matches. A review of incorrectly claimed single person discounts resulted in £14,000 increased Council Tax revenue and £1,680 in penalties.
- Provision of Enforcement Officer training to Planning, Heritage, ERS and Building Control focussing on criminal investigation legislation.

2. 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), the Investigatory Powers Act 2016 and the Codes of Practice relating to directed surveillance and the acquisition of communications data.

The Policies have been reviewed and the redrafts are to be presented to the Corporate Governance Group, an Officer group which supports the Council and Publica, with a suggested staff awareness and training plan. Following this, the Policies will be presented to Audit Committee for review and approval.

- 2.2. The arrangements relating to officers involved in the authorisation of the RIPA process remain the same as last year. 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.
- 2.3. The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.
- 2.4. There have been no RIPA applications made by the Council during 2018/2019. There has been one Non-RIPA application made by the Counter Fraud Unit working with ERS.

3. PREVENTION OF SOCIAL HOUSING FRAUD ACT 2013

- 3.1. The CFU currently provide tenancy fraud services to a number of social housing providers. These cases include investigating alleged offences under the Prevention of Social Housing Fraud Act 2013 (POSHFA).
- 3.2. The authority to obtain information can only be granted to Local Authority employees and the prosecutor under POSHFA also has to be a Local Authority (which includes district councils). POSHA permits a Local Authority to investigate and prosecute for dwelling-houses not owned by it and/or situated outside of its area.
- 3.3. Any potential prosecution work relating to POSHFA offences for the CFU clients could be undertaken by Cotswold District Council.
- 3.4. Any legal fees and associated costs would be met by the client and would therefore contribute towards the costs of the Council's legal team. Overall the financial impact is expected to be cost neutral to the Council.

(END)

Appendix A

Cotswold District Council

Department / Area	Task	Member update
Corporate / Strategy	Delivery of two reports for Audit (and Risk) Committee	April / October
Corporate / Strategy	RIPA Coordinator Role - Review of Policies / annual report to Members / advisory role for staff	Update April 2018
Corporate / Strategy	Serious and Organised Crime: Coordination of the provision of work for Gloucestershire Constabulary	SOC Strategic Partnership Board attended by CFU on behalf of CDC
Corporate / Strategy	Completion and follow up of Home Office Serious and Organised Crime Checklist	Work commenced with SWAP - to 2019/2020 work plan
Corporate / Strategy	Completion of Home Office Bribery and Corruption Assessment Template	Work commenced with SWAP - to 2019/2020 work plan
Housing	Review of supported living services / care in rented accommodation	Work to be undertaken by Housing / Benefit Managers County wide
HR	Drafting / consultation / implementation of HR / CFU Internal Investigation Protocol	Work commenced with HR - to 2019/20 work plan
ICT / Revenues and Housing	Earthlight / GIS Support: Rate Avoidance / Council Tax Evasion	As required
Planning	Waterpark review	Addendum Report requested - to 2019/2020 work plan
Planning, Heritage and ERS	Enforcement Officer training	Complete - Planning, Heritage, ERS and Building Control Teams
Policy	Drafting / consultation / adoption of Corporate Enforcement Policy	Cabinet March 2019
Policy	Drafting / consultation / adoption of Money Laundering Policy	2019/2020 work plan
Policy	Drafting / consultation / adoption of Debt Recovery Policy	Pending
Revenues and Housing	NNDR (Business Rates) Charity Shop Review	2019/2020 work plan
Revenues and Housing	NNDR (Business Rates) / Council Tax Farmland Review	2019/2020 work plan
Revenues and Housing	National Fraud Initiative Matches	Complete - £15,995
Revenues and Housing	Coordination of joint working initiative with Department for Work and Pensions for future joint investigation of Housing Benefit and Council Tax Reduction Scheme	Complete November 2018
Revenues and Housing	Review of the Housing List and related NFI data matches	2019/2020 work plan
SWAP	Review of the Gifts and Hospitality Policy and Procedure	Work commenced with SWAP - to 2019/2020 work plan
SWAP	Review of Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Work commenced with SWAP - to 2019/2020 work plan

Department	Member update	
Extraordinary Cases: Investigation / Sanction / Prosecution	Q1	1 case carried over / 1 case closed (Revenues - Criminal Cashback Case £1731 loss); Prosecution 8 month prison sentence
	Q2	1 case opened (Housing - Application Fraud)
	Q3	5 cases opened (Parking, Property Services, Housing, Code of Conduct) / 1 case closed (Property Services)
	Q4	2 cases opened (Housing, Code of Conduct) / 1 case closed (Code of Conduct)
Planning, Heritage and Conservation: Enforcement Support	Q1	1 case carried over (Listed Building Offence) / 1 case opened (Tree Preservation Order Breach) / 1 case closed (Tree Preservation Order Breach); Prosecution £200 per offence (4) plus £120 costs
	Q2	1 case opened (Listed Building Offence)
	Q3	2 cases closed (Tree Preservation Order Breach / Listed Building); Prosecution £120 plus £500 costs
	Q4	1 case opened (Listed Building Offence)
ERS: Enforcement Support	Q1	1 case carried over (Building Control)
	Q2	1 case opened (Licensing Offence) / 1 case closed (Building Control)
	Q3	1 case closed (Building Control); Coroners Court dealing with inquest
	Q4	1 case closed (Licensing); Prosecution £150 plus £100 costs
Debt: Tracing and Recovery Support	Q1	2
	Q2	0
	Q3	1 - £689
	Q4	0