



AUDIT COMMITTEE

30TH OCTOBER 2018

AGENDA ITEM (11)

COUNTER FRAUD UNIT REPORT

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	To provide the Audit Committee with assurance over the counter fraud activities of the Council. Work plans for 2018/2019 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.
Recommendation(s)	That the Audit Committee notes the report and makes comment as necessary.
Reason(s) for Recommendation(s)	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.
Ward(s) Affected	All indirectly.
Key Decision	No.
Recommendation to Council	No.
Financial Implications	The report details financial savings generated by the Counter Fraud Unit.

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>
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.
Related Decisions	None.
Background Documents	None.
Appendices	Appendix 'A' - Work Plan
Performance Management Follow Up	<p>Regular updates are provided by the Counter Fraud Manager to the Corporate Management Team and biannual reports in relation to counter fraud work will be made to the Audit Committee.</p> <p>Policy documentation will be presented when required.</p>
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.

<p>Background Information</p> <p>1. <u>Counter Fraud Unit Report 2018/19</u></p> <p>1.1 The work plan for 2018/2019 has been developed with focus on the priorities set out in the Home Office UK Anti-Corruption Strategy 2017-2022.</p> <p>1.2 Corporately, the team will be concentrating on promoting integrity across the public sector and reducing corruption in public procurement.</p> <p>1.3 Operationally the Unit will continue to add value in areas associated with risk.</p> <p>1.4 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</p>

appropriate for the Committee to be updated in relation to such activity.

1.5 Attached at **Appendix 'A'** is a copy of the work plan which is provided to Audit Committee with results of work undertaken to date.

1.6 More specifically, over the period April 2018 to September 2018, the team have supported the Council in the following areas:

- Last year, the CFU made a number of recommendations to Corporate Management Team in relation to the use of pool cars / vans following a disciplinary investigation. As a consequence, SWAP was asked to conduct an internal audit review which made a series of proposals. A new procedure has been introduced by Publica which includes a number of the CFU recommendations to minimise the risk of fraud.
- Disciplinary - Assisting with investigations into serious and gross misconduct by Council Officers: one case was open and two cases have been referred during the period. One officer has left the employment of the Council and has not been replaced generating a saving of £55,400. Following a disciplinary hearing, a final written warning has been issued to another member of staff with a request to repay incorrectly claimed funds.
- Assisting the Planning, Heritage and Conservation Teams with enforcement and investigatory support. The Council's Tree Officer and the Counter Fraud Unit jointly undertook a successful prosecution. On 11th June 2018, Mr. John A Beer pleaded guilty to four offences under the Town and Country Planning Act 1990 for unlawful works to trees protected by a Tree Preservation Order. Mr. Beer received fines of £800 and was ordered to pay £120 towards the Council's costs. A further Tree Preservation Order case is listed for prosecution.
- Assisting ERS with investigatory support relating to alleged building regulation offences. The matter has now been passed to the Coroners Court to progress the inquest.
- Assisting ERS with investigatory support relating to Licensing offences. The investigation has resulted in the revocation of the individual's hackney carriage and private hire licence and decisions relating to further action are pending.
- Drafting of Corporate Policies - General Corporate Enforcement Policy consultation complete, final draft pending for approval by Cabinet in January.
- Assistance with tracing of individuals/general intelligence checks for debt recovery or estate information.
- Working jointly with the Police in relation to a 'criminal cashback' case in which funds were fraudulently obtained from the Council. The CFU undertook an investigation on behalf of the Revenues Department following the payment of £2,000 Council Tax liability and a subsequent refund of £1,700. The original payment was a fraudulent transaction which was refunded by Lloyds Bank to the card holder. The monies the Council had refunded were sent to a different personal account and could not be recovered. The CFU provided witness testimony for legal proceedings. The individual pleaded guilty to all offences against 9 Councils and was sentenced to eight months imprisonment.

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