



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 21 OCTOBER 2021
Report Number	AGENDA ITEM 10
Subject	COUNTER FRAUD UNIT REPORT
Wards affected	All indirectly
Accountable member	Cllr Mike Evely, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:Mike.Evely@cotswold.gov.uk">Mike.Evely@cotswold.gov.uk</a>
Accountable officer	Emma Cathcart, Counter Fraud Unit Manager Email: <a href="mailto:Emma.Cathcart@cotswol.gov.uk">Emma.Cathcart@cotswol.gov.uk</a>
Summary/Purpose	To provide the Audit Committee with assurance over the counter fraud activities of the Council. The Counter Fraud Unit will continue to provide the Audit Committee with direct updates biannually. The 2021/2022 work plan is presented, with progress and results for consideration and comment.
Annexes	Annex A – Work Plan 2021/2022
Recommendation(s)	<i>That the Audit Committee notes the report and the work plan at Annex A.</i>
Corporate priorities	Delivering our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive. Any Policies drafted or revised by the CFU have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Management and Governance Officers for comment.



## 1. BACKGROUND

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.5 Attached at Annex A is a copy of the work plan for 2021/2022.

## 2. MAIN POINTS

- 2.1 The Counter Fraud Unit (CFU) has been supporting work streams created as a consequence of the Covid-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to the Business Grant Schemes. The CFU have assisted with the application and verification processes of all schemes and to date, the team has received 251 referrals to review resulting in the following:
  - 145 cases that were confirmed as eligible and the grant was paid.
  - 32 cases of loss prevention, in that the grant monies were not paid, totalling £434,334 (3 classed as fraudulent attempts).
  - 57 cases of post payment recovery totalling £585,908 (5 classed as fraud) have been identified and invoices have been raised. Of this £585,908, £303,662 has been repaid. A significant reconciliation exercise has taken place in relation to invoicing and recovery hence the minimal changes to the recovered funds since April.
  - 11 cases that are still under review and 6 cases have been referred back to the team with recommendations for service area decisions.
  - The CFU are working with SWAP (Internal Audit) in relation to post payment activities for each scheme and have responsibility for the Fraud Risk Assessment returns to the



Department for Business Energy and Industrial Strategy (BEIS). A comprehensive template has been provided to ensure a consistent approach to fraud risk assessment in this area and includes details relating to how these are mitigated and managed. The team are currently reviewing all successful applications and reporting any findings.

- 2.2** All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation. The CFU are processing the following:
- 204 matches have been received which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown.
  - 866 matches relating to Council Tax Discounts/Exemptions and the Council Tax Reduction Scheme.
  - 82 matches relating to the Housing Waiting List.
- 2.3** A review of the Track and Trace Payments is underway. 109 payments have been reviewed resulting in 16 cases of recovery totalling £8,000.
- 2.4** A review of 698 Licensed Premises, as held by the Licensing Team, was compared to the information held on the invoicing system to ensure the correct liable party was being charged. In addition, the rateable value of the premises was also verified to confirm that the correct License charge was being applied. The review resulted in 206 amendments, 60 cases which require further investigation and 154 subscription anomalies. Results are pending regarding increased Licensing revenue.
- 2.5** In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.
- 2.6** Since 1 April 2021:
- The team has received 21 referrals from across the Council and closed 23 cases. This excludes any Council Tax Reduction Scheme referrals.
  - The CFU is now overseeing the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations.



9 referrals were received and 6 cases were closed.  
Increased Council Tax revenue of £285 has been raised.

- Cases relating to Council Tax have resulted in the removal of discounts or exemptions, increased Council Tax revenue of £7,205 and the application of one £70 Penalty.
- The team undertakes disciplinary investigations for Publica across the partnership. 3 cases have been referred and 2 cases have been closed. One of the closed matters related resulted in a referral being passed to another enforcement body with jurisdiction and one case was closed, no further action but a management report was passed to the service area. Both the individuals have now left the organisation and are no longer employed by Publica.
- The team successfully prosecuted two individuals for licensing offences; one for failing to keep records and operating an unlicensed private hire vehicle and the other for acting as and using an unlicensed private hire vehicle. Both defendants were found guilty, each received a £120 Fine and were ordered to pay £400 towards costs.
- The team successfully prosecuted an individual for housing offences. The defendant pleaded guilty to six charges of fraud in relation to housing applications within the Cotswold District. Charges were brought for Cotswold District Council, Bromford, Greensquare, Stonewater and Fortis (all social housing providers). The defendant was fined £692 and ordered to pay costs of £761.
- The team successfully prosecuted an individual for unauthorised work to a listed building. The defendant pleaded guilty, received a Fine of £1,000 and was ordered to pay costs of £500.
- The team successfully prosecuted an individual for unlawful works to trees protected by a Tree Preservation Order. The defendant pleaded guilty and received a Fine of £1,250 and was ordered to pay costs of £1,950.
- There is a case listed in the Crown Court following a not guilty plea relating to Fraud offences.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The report details financial savings generated by the Counter Fraud Unit.



#### **4. LEGAL IMPLICATIONS**

- 4.1 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.

#### **5. RISK ASSESSMENT**

- 5.1 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.
- 5.2 Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.
- 5.3 If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.).

#### **6. EQUALITIES IMPACT**

- 6.1 The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

#### **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1 None.

#### **8. ALTERNATIVE OPTIONS**

- 8.1 The Council is the lead authority for the Gloucestershire Counter Fraud Unit. This Unit is working with all of the Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.
- 8.2 The service is a shared one across the County and as such overheads and management costs are also shared equally meaning there is increased value for money.

#### **9. BACKGROUND PAPERS**

None

(END)



COTSWOLD  
DISTRICT COUNCIL