

Report To:	AUDIT COMMITTEE	Date:	19 MARCH 2018
Heading:	ANTI-FRAUD AND CORRUPTION UPDATE		
Portfolio Holder:	N/A		
Ward/s:	N/A		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

To update the Committee in respect of improvement actions put in place in respect of the Council's approach to anti-fraud and corruption following the audit carried out by CMAP.

Recommendation(s)

The Committee is asked to

1. Note the progress made in respect of the improvement plan for the Council's approach to Anti-Fraud and Corruption; and
2. Consider the Fraud Risk Register attached to the report.

Reasons for Recommendation(s)

To ensure the Committee charged with overseeing the Council's approach to anti-fraud and corruption is updated in respect of the progress made in relation to the improvement plan following the CMAP audit.

Alternative Options Considered

(with reasons why not adopted)

No other options were considered.

Detailed Information

The Anti-Fraud and Corruption Audit

Responsibility for the management of the Council's internal audit function passed as part of the recent Corporate Leadership Team restructure to the Director of Legal and Governance (Monitoring Officer). As part of the transition, the Director of Legal and Governance asked CMAP to carry out a baseline audit of the Council's Anti-Fraud and Corruption measures particularly in light of recent changes to the Council's internal audit provision, the housing management function returning to in-house provision, the transfer of the benefit fraud officers to DWP and the introduction of new CIPFA guidance relating to the Code of Corporate Governance.

CMAP finalised their Audit report in January 2018. CMAP was able to provide reasonable assurance as part of the audit as most of the areas reviewed were found to be adequately controlled, there were some systems requiring improvements, however. To this end, 13 recommendations were made and accepted.

The recommendations are set out below together with a progress update:

Action	Target date for completion	Progress Made
<p>1. We recommend that the Council review and update the Corporate Governance Code. The revised Code should then be made readily available to all.</p>	<p>31/01/2018</p>	<p>A new Local Code of Corporate Governance was presented and approved by the Audit Committee and Cabinet on 27 November 2017 and 30 November 2017 respectively.</p> <p>A new "Governance" section of the staff intranet has been developed. This Code has been published on the intranet for working group officers to review and provide feedback prior to launching to all employees shortly. The launch will be publicised to staff and all members of Extended Leadership Team/Aspiring Leadership Team will be briefed at their next meeting on 19 March 2018.</p>
<p>2. We recommend that the Council review and revise the Anti-Fraud Strategy to ensure it is in accordance with best practice.</p>	<p>31/01/2018</p>	<p>A new Anti-Fraud Strategy was presented and approved by the Audit Committee and Cabinet on 27 November 2017 and 30 November 2017 respectively.</p> <p>A new "Governance" section of the staff intranet has been developed. This Strategy has been published on the intranet for working group officers to review and provide feedback prior to launching to all</p>

		employees shortly. The launch will be publicised to staff and all members of Extended Leadership Team/Aspiring Leadership Team will be briefed at their next meeting on 19 March 2018.
3. We recommend that the Council implement a Fraud Risk register to identify and mitigate fraud risks.	30/03/2018	The register is attached for Committee's information and comment.
4. We recommend that the Whistleblowing Policy is updated and the latest version is made readily available. We also suggest that a process is put in place to ensure that the Policy is updated to reflect changes to staffing and that any revised Policies are made available, with old versions being removed from circulation. The Audit Committee should regularly monitor the Whistleblowing Policy.	30/03/2018	The Whistleblowing Policy has been revised and updated annually by the Monitoring Officer and reported to the Standards and Personnel Committee previously. In future this will also be presented to the Audit Committee. A revised policy and update on the use of the policy during the past twelve months appears on the agenda of this meeting and will be reported to Standards and Personnel Appeals Committee on 28 March 2018.
5. We recommend that management review and revise the Anti-Bribery and an Anti-Money Laundering Policy and ensure that both receive the necessary Member approval. Management should also ensure that both policies are made readily available to staff.	31/01/2018	<p>A new Anti-Bribery Policy and an Anti-Money Laundering Policy were presented and approved by the Audit Committee and Cabinet on 27 November 2017 and 30 November 2017 respectively.</p> <p>A new "Governance" section of the staff intranet has been developed. These policies have been published on the intranet for working group officers to review and provide feedback prior to launching to all employees shortly. The launch will be publicised to staff and all members of Extended Leadership Team/Aspiring Leadership Team will be briefed at their next meeting on 19 March 2018.</p>

<p>6. We recommended that the Council identifies an appropriate method for ensuring that all employees are trained in fraud awareness and that the intranet includes information on types of fraud, fraud risks, how to spot fraud and what to do if you suspect there is fraud.</p>	<p>30/03/2018</p>	<p>An online training module is being developed to roll out to all employees.</p> <p>More specialist training for specific employees is being identified eg, housing teams, revenues and benefits team, finance team, for rolling out as part of the training plan.</p> <p>Detailed information is contained in the new "Governance" section of the staff intranet which has been developed. The launch will be publicised to staff and all members of Extended Leadership Team/Aspiring Leadership Team will be briefed at their next meeting on 19 March 2018.</p>
<p>7. We recommend that the Council's Fraud Response Plan is reviewed and revised to ensure it is fit for purpose. The revised plan should then be formally approved and brought in to use.</p>	<p>31/01/2018</p>	<p>A new Fraud Response Plan was presented and approved by the Audit Committee and Cabinet on 27 November 2017 and 30 November 2017 respectively.</p> <p>A new "Governance" section of the staff intranet has been developed. This plan has been published on the intranet for working group officers to review and provide feedback prior to launching to all employees shortly. The launch will be publicised to staff and all members of Extended Leadership Team/Aspiring Leadership Team will be briefed at their next meeting on 19 March 2018.</p>
<p>8. We recommend that the Council consider utilising Council Tax enforcement powers by issuing Civil Penalties as and when necessary.</p>	<p>30/06/2018</p>	<p>Officers intend to produce a report for Cabinet in June 2018.</p>
<p>9. We recommend that the Council undertake on-going</p>	<p>30/04/2018</p>	<p>See comments below.</p>

<p>data matching exercises utilising its internal data.</p>		
<p>10. We recommend that the Council's key contact assigns sufficient resources to the investigation of National Fraud Initiative (NFI) matches to ensure that all categories of matches identified by the process are reviewed, prioritised and investigated on a timely basis</p>	<p>30/04/2018</p>	<p>See comments below.</p>
<p>11. We recommend that the Council complete a fraud assessment on an annual basis to ensure its Anti-Fraud arrangements are adequate and robust.</p>	<p>31/12/2018</p>	<p>Future Action</p>
<p>12. We recommend that the purpose and make up of the Fraud Strategy Group be reconsidered and aligned with the Council's revised Anti-Fraud & Corruption Strategy. Appropriate Terms of Reference should be documented for the group and meetings should be suitably minuted</p>	<p>28/02/2018</p>	<p>The membership of the Anti-Fraud and Corruption Officer Working Group has been decided and new terms of reference have been agreed. The group is meeting on a monthly basis and notes are taken.</p>
<p>13. We recommend that the Corporate Leadership Team and Audit Committee receive regular reports about fraud, which cover:</p> <ul style="list-style-type: none"> • Cases of identified or suspected frauds. • The outcomes of investigations and actions taken. • Anti-fraud activities undertaken. 	<p>30/03/2018</p>	<p>A report was submitted to the Corporate Leadership Team on 6 March 2018.</p> <p>This is the first report to the Audit Committee and future reports will provide more detailed updates in relation to the anti-fraud activity undertaken by the Council. Some of the activity currently undertaken is detailed below. The working group is looking at ways to record information across the Council in such a way as to provide more detailed information in future.</p>

NFI and Data Matching

A sub-group of the Anti-Fraud and Corruption Officer Working Group has been established specifically to consider and improve the Council's approach to the NFI exercise and data matching in general.

The sub-group met for the first time on 30 January 2018. It was clear from that meeting that following significant changes over the past couple of years there needs to be an improvement in the way the Council carries out its data matching activity and that this needs to include ensuring there is a clear corporate approach which is communicated to all relevant officers with an identified lead officer.

An action plan is being developed to:

- Baseline existing data matching and fraud identification and prevention checks undertaken
- Identify for NFI purposes – a corporate key contact officer and section contacts
- A process for sending data matches to the relevant section for assessment of matches and reporting to be overseen by the key contract officer
- Produce a plan for the future – identify good practice; identify improvements needed; explore the CMAP offer; identify investigation resource; identify resource levels and gaps
- Reporting to – Anti-Fraud and Corruption Officer Working Group, CLT and Audit Committee

Prevention and Detection of Benefit Fraud

Housing Benefit officers use several tools to prevent and identify potential fraud.

At Ashfield the benefit claimant is required to provide evidence to support the benefit claim and because we use a face to face approach to handling benefit claims this is considered to be the most effective way to prevent fraud entering the benefits system.

In addition, Benefit Officers also use tools such as the DWP's Customer Information System (CIS) which provides details of the claimant's other state benefits and tax credit income, and also HMRC's Real Time Information System (RTI) which provides real time earnings information from employment.

Housing Benefit Fraud Investigation

The investigation of suspected fraudulent Housing Benefit claims is now undertaken by the Department of Work and Pension's FES (Fraud and Error Service) investigation team on behalf of the Council.

Ashfield District Council Housing Benefit Officers who identify cases of suspected fraud are required to refer the case to the DWP using a process which has been documented within a signed Service Level Agreement between the Council and the DWP. DWP fraud officers liaise with ADC Benefit Officers to obtain relevant claim information to enable the case to be investigated. Upon completion of the investigation the DWP fraud officer will, if fraud is identified, recommend either a formal prosecution or as an alternative they can recommend an Administrative Penalty, where the claimant admits the fraud and accepts a financial penalty. Where the DWP find that someone has been found guilty of fraud previously then any subsequent cases will always be prosecuted.

We are working with DWP to obtain feedback in terms of cases referred to DWP for investigation as this is not currently provided in a timely manner, if at all.

Housing Management Anti-Fraud Measures

The Lettings Team is committed to making the best possible use of housing stock and ensuring that those in genuine housing need are accommodated in the Council's housing stock. The team conduct verification checks when an applicant first joins the Housing Register and more in-depth checks when a provisional offer of accommodation is made. The checks relate to the applicant's identification, household composition, income, capital and the reason for their rehousing. All prospective tenants are expected to attend a pre-tenancy interview when any issues can be raised. An offer of accommodation can be withdrawn if the applicant fails to provide the information requested or there is a discrepancy in what they have submitted.

The Tenancy Services Team take a pro-active approach to Fraud in undertaking occupancy checks (at various stages of the Tenancy), responding to and investigating any reports of Fraud and works in partnership with the Revenues Section and other agencies e.g. DWP to report any suspected benefit fraud.

Where tenancy changes are requested during a tenancy, identification and verification checks are undertaken before any changes can be considered/approved. Prompt action to terminate tenancies will be taken where tenancies have been obtained by the making of a false or misleading statement or where a property is found to be wholly sub-let.

A *Tenancy Policy* is in place. This outlines the commitment to tackling Tenancy fraud. A Tenancy Fraud Procedure has been developed. This procedure supports the *Tenancy Policy* and details the approach to tackling Tenancy Fraud. It also provides clear guidance to employees and describes how we will work with partners to take action.

Implications

Corporate Plan:

Transparent and Accountable

We will be open and transparent in our decision making. We will be trustworthy and honest in how we deal with our residents and be accountable to them for our actions. We will promote positive and respectful behaviour, treating people fairly and respectfully.

The Council has committed to ensuring effective community leadership, through good governance, transparency, accountability and appropriate behaviours.

Legal:

There are no significant legal issues regarding the content of the report or the recommendations.

Finance:

Finance is represented on the Anti-Fraud and Corruption Officers Working Group.

Budget Area	Implication
General Fund – Revenue Budget	The Revenue budget includes an amount of £10,000 for 2018/19 in order to fund Anti-Fraud measures.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	

Housing Revenue Account – Capital Programme	
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Risk:

Risk	Mitigation
Failing to implement the recommendations contained in the audit report may leave the Council at risk of not being able to effectively deter or detect fraudulent activity taking place.	New policies have been approved. Baseline Audit has been carried out to identify systems weakness Action plan to improve systems and processes has been put in place to deliver the 13 recommendations Anti-Fraud and Corruption Strategy Group to oversee implementation of the action plan has been established with a new terms of reference Fraud Risk Assessment exercise has been carried out and will continue to be reviewed on a regular basis Roll out of training is planned Publication of policies is underway

Human Resources:

There are no significant HR issues regarding the content of the report or the recommendations. There is a plan of work to ensure Managers and employees are aware of their roles and responsibilities in line with the new/ revised policies and that suitable training is available. Failure to adhere to the relevant policies, procedures and practices will be in breach of the Council's Code of Conduct and may result in disciplinary action being instigated.

Equalities:

(to be completed by the author)

The policies themselves do not highlight any equality issues. Any equalities issues will be identified as part of the implementation and addressed by the officer group. Individual fraud investigations would take account of equalities on a case by case basis.

Other Implications:

(if applicable)

None

Background Papers

(if applicable)

None.

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