

COUNTER FRAUD ENFORCEMENT ACTIONS

Committee name	Corporate Services, Commerce and Communities Policy Overview Committee
Officer reporting	Zac O'Neil, Business Assurance Counter Fraud Team
Papers with report	Appendix A - Counter Fraud Progress Report to Audit Committee 19/20
Ward	All

HEADLINES

This report provides the Committee with information on how the Council is meeting its statutory duty under Section 151 of the Local Government Act 1972 to safeguard public finances, by implementing effective arrangements for the prevention and detection of fraud and corruption within the Council and its services.

RECOMMENDATIONS:

That the Committee:

- 1. Note the arrangements for the prevention and detection of fraud and corruption within the Council; and**
- 2. Note the Quarter 2 19/20 Counter Fraud Progress Report.**

SUPPORTING INFORMATION

- Under section 151 of the Local Government Act 1972 the Council has a statutory responsibility for the proper administration of its financial affairs. In meeting this responsibility, the Council must make arrangements to ensure that the risk of financial loss through fraud and corruption is properly managed and mitigated through effective controls.
- The role of the Business Assurance Counter Fraud Team (BACFT) is to lead on the management of the Council's fraud risks and, working alongside colleagues, to implement (directly or indirectly) a range of measures to prevent, detect and deter fraud and corruption. Key to this is the BACFT's Counter Fraud Strategic Plan and Operational Work Plan, which underpin the objective of meeting the statutory requirement, and of a Council that is effectively and robustly fraud risk managed.
- A Counter Fraud Strategic Plan and Operational Work Plan have been in place since April 2018, following a restructure of the then Corporate Fraud Team, when it was brought within Business Assurance under the Finance directorate, and working alongside Internal Audit. The aim was to create a clear strategy for fraud and corruption and provide a professional, proactive and fully risk based approach to counter fraud activities. In 2018/19, the first year

of the strategy and work plan being in place, the BACFT reported to the Audit Committee £1.2m of financial savings from its work. And in 2019/20 the BACFT has up to the end of Quarter 2 reported £906k in financial savings (see *Appendix A*).

4. The risk-based approach to counter fraud taken by the BACFT, involves an intelligence-led assessment of the specific risks of fraud within individual Council service areas, in order to build what is referred to as the Council's 'Fraud Universe'; essentially, a comprehensive view of the Council's key fraud risks, fraud mitigation activities, and controls. This drives the creation of the Operational Work Plan, focusing on the highest risk areas. The assessment of risk is made through engagement and partnership working with Council colleagues, including the facilitation of Fraud Risk Workshops. Fraud Awareness training, internal and external communication campaigns and the provision of fraud prevention guidance, further embeds a counter fraud culture.
5. The BACFT's structure is formed around the Counter Fraud Strategy and the risk based approach, with three distinct sub-teams: Intelligence, Verifications and Investigations. All referrals for investigation are risk assessed against standard criteria by the Intelligence Team and, where the assessment is passed, are either allocated to the Verifications Team for enquiries and a home visit, or passed to a Counter Fraud Investigator to carry out an investigation.
6. Enforcement action is used where, following an investigation, there is sufficient evidence of fraud to support a decision to act and it is in the public interest to do so. This means that it is proportionate to take action when considering the seriousness of the offence and the necessity to deter future fraud, and serve as a suitable response to the fraud. Enforcement actions must be in line with the recently updated Corporate Prosecutions and Sanctions Policy. The types of enforcement action available include criminal prosecution in the Magistrates and Crown Court, financial penalty of £100, statutory penalty for specific fraudulent acts such as Council Tax Reduction fraud, and an official caution where we believe that this is an appropriate sanction in light of all the circumstances of the case.
7. Since 2014, the Council no longer has the responsibility for investigating suspected cases of Housing Benefit fraud. Responsibility for this was transferred to the Department for Work and Pensions (DWP) in line with the introduction of Universal Credit. The Council continues to administer the Housing Benefit scheme on behalf of the DWP, but the BACFT no longer has statutory powers of investigation in this area. This is not to be confused with the Council Tax Reduction Scheme (previously Council Tax Benefit) which is still investigated by the BACFT.
8. Other areas of enforcement that the Council is responsible for include Trading Standards, Planning Enforcement, Environmental Health, Private Sector Housing, Licensing, Imported Food, Antisocial Behaviour Enforcement and Parking Enforcement. These areas fall within the Council's remit as a statutory regulator and are enforced in line with specific legislative requirements and the Corporate Sanctions & Prosecutions Policy. The BACFT looks to work in collaboration with many of these services, including the use of a Financial Investigator and with Internal Audit, in an effort to ensure that a joined up approach is taken in matters which span areas of enforcement and risk. The objective is for effective and efficient enforcement across all Council service areas and maximising the use of joint intelligence, and investigative functions.

9. Future counter fraud activities in Hillingdon Council will continue to focus on a risk based approach, with the use of risk assessment and the Fraud Universe to identify the key fraud risks faced by the Council. The BACFT will look at maintaining the level of proactive counter fraud projects within the areas of highest fraud risk, and expanding on the use of preventative measures. This includes utilising the Verifications Team more widely to prevent and detect fraud, and continuing to promote a healthy counter fraud culture through fraud awareness campaigns. The BACFT is seeking to ensure that the Council that is alert to all potential current and future fraud risks, and manages these risks effectively through successful preventative and deterrent actions.

Implications on related Council policies

A role of the Policy Overview Committees is to make recommendations on service changes and improvements to the Cabinet who are responsible for the Council's policy and direction.

How this report benefits Hillingdon residents

This report demonstrates to Hillingdon residents that the Council takes fraud seriously, and is committed to its 'zero tolerance approach to fraud'. It provides clarity that the Council understands its fraud risks and is taking action to ensure that the public purse is protected from fraud and corruption. This helps to give confidence that taxpayers' money is being spent appropriately and not lost to the fraudulent actions of internal or external parties.

BACKGROUND PAPERS

Counter Fraud Annual Report to Audit Committee 2018/19
Q2 2019/20 Counter Fraud Progress Report
Counter Fraud Team Structure