

Slough Borough Council

Report To: Audit and Corporate Governance Committee

Date: 14th March, 2023

Subject: Counter Fraud Policy

Chief Officer: Steven Mair – Director of Finance and Commercial (S151)

Contact Officer: Tariq Mansour, Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance
Lyn Davies, Counter Fraud Manager

Ward(s): All

Exempt: No

Appendices: Appendix 'A' – Corporate Fraud Policy

1. Summary and Recommendations

- 1.1 This report is to raise Audit and Corporate Governance Committee's awareness of the Council's corporate fraud policy and the work of the Counter Fraud team. Overseeing the arrangements for Counter Fraud and Corruption is one of the responsibilities of the Audit and Corporate Governance Committee as set out in its Terms of Reference.
- 1.2 The Counter Fraud team started to report into the Finance and Commercial Directorate in August 2022 following a senior leadership and finance department restructure.
- 1.3 It is intended that the team will produce an Annual Counter Fraud report for the July 2023 meeting of the Committee that will set out its activity during the year and in previous years. The Annual Counter Fraud report has not been presented to the Committee since 2018.

Recommendations:

- 1.4 Audit and Corporate Governance Committee is recommended to note the:
 - Corporate Fraud policy and related documents and the intention to review these during 2023.
 - Range of work undertaken by the Corporate Fraud team in recent years and the level of actual and notional savings arising from its activity.
 - Future work will be directly related to the risks identified from departments and learning from elsewhere.

Reason:

- 1.5 The Audit and Corporate Governance Committee have responsibility to:
 - Ensure there is an on-going review of the assessment of fraud risks and potential harm to the Council from fraud and corruption.

- Monitor the counter-fraud strategy, actions and resources.

1.6 It is also good practice to review and update the Council's Corporate Fraud Policy and the work of the Fraud team on an annual basis.

Commissioner Review:

1.7 We welcome this report to the Audit and Corporate Governance Committee. It is essential that the Council ensures controls are in place to prevent fraud and investigates incidences of alleged fraud where these are discovered. The Commissioners support open and transparent reporting of fraud where discovered and also appropriate action against those who are found to be committing fraudulent activity.

2. Report

Introduction:

2.1 The Council's approach to Fraud and its Corporate Fraud policy are on the [Council's Website](#). The policies are set out in appendix A.

2.2 Slough Borough Council operates a 'zero tolerance' approach towards fraud and corruption and uses the full range of sanctions available against any individual or organisation found to be committing fraud. Every pound taken by theft or fraud reduces our ability to provide services to the people who need them the most.

2.3 We want to protect against, detect and respond to fraud and corruption in order to protect the interests of our clients, partners, employees and other stakeholders while retaining a high ethical standing within the community.

2.4 The counter fraud policy applies to all parts of the Council and to all our employees, volunteers, contractors and consultants in relation to their work with/for us. We rely on the support of employees, businesses and the community to deliver the services we provide to people in need. Loss of confidence in the Council as a result of fraud or corruption could have an adverse impact on our funding and investment in the area, leading to a more severe impact on the services we deliver.

2.5 We expect all our Councillors, employees, consultants, contractors, partner organisations and service users, to act with integrity and without intent to commit fraud or corruption and to comply with the legal requirements and policies of the Council including the obligation to report all reasonable suspicions of fraud. In return, we will:

- take appropriate measures to prevent, investigate and deter fraud;
- introduce and maintain procedures to detect fraud;
- encourage employees to report any suspicions of fraud;
- provide resources to train our staff about fraud risk and investigate fraud;
- take appropriate disciplinary, civil or criminal proceedings; and
- report suspected fraud to the police and all relevant organisations when appropriate.

- 2.6 It is in everyone's interests to prevent fraud and corruption from happening. Our strategy and response plan sets out what we mean by fraud; how we tackle fraud; what you should do if you suspect fraud; and how we will respond.

Policy and Procedures:

- 2.7 Effective policies and procedures are essential to ensure that all officers and members are aware of their roles and responsibilities in identifying and managing the risk of fraud. The team continue to review and update these on an ongoing basis.
- 2.8 The Council's Counter Fraud Strategy meets the requirements of CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and pulls together all related policies and procedures in its Appendices. The Strategy, and all Appendices, were last reviewed in 2021. A further review will take place during 2023 and will be reported to CLT and the Audit and Corporate Governance Committee in July 2023 for approval.
- 2.9 Awareness of the Strategy is promoted corporately via the fraud e-learning package on the Council's e-learning platform, Cornerstone, and through induction processes for new starters.

Fraud Risk Assessment:

- 2.10 Whilst the team undertakes a lot of useful work it is mainly currently reactive and there is not an annual formal fraud risk assessment for the Council. During 2023 a fraud risk assessment will be undertaken and presented to all Directorate Leadership Teams during the year and to the Corporate Leadership Team. The diagnostic will enable services to assess their activities and identify which fraud risks might apply, so that the appropriate controls can be put in place. The results of the self-assessments will be used to inform the Council's fraud risk assessment.

Counter Fraud Resources:

- 2.11 The Council have a Corporate Fraud team of five staff, a Manager, two Financial Investigators, a Counter Fraud Officer and an Intelligence Officer. All are appropriately qualified and are very experienced.
- 2.12 The Corporate Fraud Team actively investigate any reported fraud against Council provided services and seek to recover any monies obtained fraudulently or fraudulently obtained. They utilise the powers conferred in the Proceeds of Crime Act 2002 to recover compensation or criminal benefit through confiscation from those convicted of committing fraud against the authority.
- 2.13 The key areas they investigate are:
- Housing tenancy and sub-letting fraud
 - Council tax reduction scheme fraud
 - Single person council tax discount fraud
 - Business rates fraud
 - Blue badge fraud
 - Grant fraud e.g. Covid business grants
 - Social Care fraud
 - Other council tax fraud
 - Procurement fraud

- Other fraud against the authority, when committed by external or internal sources.

2.14 The team previously reported to the Assistant Director Business Services but is now reporting to a new post in the Finance Directorate – The new Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance started in this post in February 2023. This brings together the Fraud team, Internal Audit and Risk and Insurance teams that will benefit from having closer links and accords with CIPFA guidance.

2.15 The team has completed a wide range of work in recent years and whilst this has been reported to line management it has not subsequently been reported to the Audit and Corporate Governance Committee since 2018. In order to meet best practice standards an annual report will be brought to this Committee in future. A high-level analysis of the work undertaken since April 2020 is shown in Table 1 below:

Table 1: Counter Fraud Team Activity Summary 2020/21 – 2022/23

Area of Activity	2020/21	2021/22	2022/23 (31.12.2022)
Blue Badge Fraud	26 badges removed following National Fraud Initiative Notional Value £14,950	116 badges removed following National Fraud Initiative Notional Value £66,700	5 Blue Badge Fraudulent Misuse Investigations.
Concessionary Bus Passes with deceased persons	527 removed following National Fraud Initiative Notional Value £57,970	577 removed with a notional value of £66k	National Fraud Initiative from January 2023 no results to date.
Right to Buy Anti Money Laundering (AML)	3 RTB applications withdrawn at a Discount value of £248,000	3 RTB applications withdrawn at a Discount value of £252,600	2 RTB applications withdrawn at a Discount value of £168,400
New Homes Bonus – empty properties initiative	87 properties found occupied recouping £158,000	58 Properties found occupied recouping £98,000	n/a
Financial Investigation Income (Proceeds of Crime Cases)	£17,473	£37,904	£123,958
Administrative Penalty payments, Formal Cautions, Housing Benefit and CTRS overpayments and prosecution costs recovered in full.	£53,319	£83,352	£101,654
Anti-Money Laundering Reviews	29	27	24
Referrals	66 Fraud Investigations Set Up.	74 Fraud Investigations Set Up.	57 Fraud Investigations Set Up.
Enquiries Actioned	425 including 423 Police DPA requests & 2 for Department for Work and Pensions	393 including 355 Police DPA requests & 38 for Department for Work and Pensions	390 including 315 Police DPA requests & 53 for Department for Work and Pensions

3 Implications of the Recommendation

3.1 Financial Implications

3.1.1 There are no direct financial implications relating to reviewing the Corporate Fraud policy. However, increased publicity and awareness of the policy by Members and Officers and the link with Internal Audit and Risk management will improve the council's identification of Fraud and enable improved processes to prevent it, reducing its occurrence and reducing expenditure.

3.2 Legal Implications

3.2.1 There are no direct legal implications in this report.

3.3 Risk Management Implications

3.3.1 Failure to operate an adequate Corporate Fraud policy and have an active counter fraud team exposes the Council to the risk of fraud across a wide variety of services.

3.4 Environmental Implications

3.4.1 There are no direct environmental implications in this report.

3.5 Equality Implications

3.5.1 There is no identified need for an Equality Impact Assessment.

4 Background Papers

None

The key documents are found at this link on the Council's Website

[Council's Website.](#)

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| 1. Fraud investigation | 3. Council tax and business rates fraud | 5. Corporate fraud policies |
| 2. Housing fraud | 4. Blue Badge, grant and other fraud | |

Fraud investigation

Corporate fraud policies

- [Anti-fraud response plan.](#)
- [Counter fraud strategy including anti-money laundering and anti-bribery policies.](#)
- [Appendix 1: Money laundering; legal and regulatory framework.](#)
- [Appendix 2: Report to money laundering reporting officer.](#)
- [Appendix 3: Financial investigation fraud report form.](#)
- [Report council fraud.](#)