

<b>Committee:</b>	Cabinet	<b>Date:</b>	
<b>Title:</b>	Counter Fraud Update and Counter Fraud Action Plan 2024-26		Thursday, 24 October 2024
<b>Report Author:</b>	Philip Honeybone, Audit Manager <a href="mailto:phoneybone@uttlesford.gov.uk">phoneybone@uttlesford.gov.uk</a>		
<b>Portfolio Holder:</b>	Cllr Petrina Lees, Leader of the Council	<b>Key Decision:</b>	No

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## Summary

1. Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. The Council set up a Counter Fraud Working Group (CFWG) to oversee the counter fraud activity within the Council and to drive improvements.
2. The 2022 Counter Fraud Strategy was approved by the Governance Audit and Performance Committee (GAP) in March 2022 with a corresponding action plan outlining how the strategy will be delivered. This included identifying fraud and corruption risks, ensuring there is sufficient skill and awareness across the Council to implement the strategy and developing policies and procedures in relation to the action required in response to fraud and corruption.
3. This provides an update on the Council's counter-fraud activity to date and extends the action plan to 2026.

## Recommendations

4. Cabinet is requested to note the content of this report.

## Financial Implications

5. None.

## Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
  - Counter Fraud & Corruption Strategy 2022 and Action Plan (GAP, 30 March 2022)

- Counter Fraud Strategy Action Plan Update and Associated Documents (GAP, 29 September 2022)
- Audit and Sign Off 2019/20 Accounts Review Update (GAP, 30 November 2022).
- Counter Fraud Strategy Update March 2024 (Audit and Standards Committee, 26 March 2024)

## Impact

7.

Communication/Consultation	Discussions were held with officers in key individually in July and August 2024. The contents of the paper were discussed by the Counter Fraud Working Group on 31 July 2024 and CMT noted the update on 4 September 2024.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	The aim of this Strategy is to minimise the risk of fraud and corruption (as defined in law) and its impact.
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Situation

8. In March 2022, the Governance, Audit and Performance Committee (GAP) approved the Counter Fraud Strategy and Action Plan 2022-24. Delivery of the action plan was disrupted whilst there were vacancies in the Audit Manager post. In spite of this, key achievements included:
- Re-establishing the CFWG to oversee the Council's counter-fraud activities;
  - Review and updating counter-fraud and bribery policies and procedures including Constitutional changes relating to planning protocols, and an updated whistleblowing policy.
  - Launching an online form to assist the public in reporting suspected fraudulent activity
  - Completed an initial assessment for the Council' inherent fraud risk.

9. The Counter Fraud Strategy’s five pillars of activity (Govern, Acknowledge, Prevent, Pursue, Protect) remain relevant. The Action Plan for 2024-26 builds on the strategy’s previous action plan, with key actions being development of an integrated fraud response plan for the Council, to update the fraud risk assessment and to consider targeted actions to mitigate fraud risk in key areas.
10. The Council’s online fraud reporting tool went online in May 2024. Members of the public now have a single form through which they can report any suspicious activity. The update on counter-fraud activity summarises the information received in the first five months of its operation. It is anticipated that use of the tool will increase over the course of two years as public awareness increases. This will provide a source of baseline data to help in assessing UDC’s fraud risks and the strength of its counter-fraud measures.

### Risk Analysis

11.

Risk	Likelihood	Impact	Mitigating actions
Successful attempts of fraud and/or corruption may lead to significant financial loss, service disruption and/or reputational damage.	2	3	Delivery of actions in Action Plan to support the Council’s Counter Fraud Strategy which aligns to Fighting Fraud and Corruption Locally best practice and strengthens the Council’s resilience against fraud.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.



# Counter Fraud Update and Action Plan 2024-26

## **1. Purpose of Report**

This report provides summarises counter-fraud activity in the period March to September 2024 and updates to the counter fraud strategy action plan to cover the period 2024-26. The Counter-Fraud Working Group (CFWG) oversee the delivery of the strategy and action plan.

Cabinet is requested to note the content of this report.

## **2. Counter Fraud Strategy Action Plan**

Public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management. The 2022 Counter Fraud Strategy was approved by the Governance Audit and Performance Committee (GAP) in March 2022 with a corresponding action plan outlining how the strategy will be delivered over the period 2022-24. The key achievements over the two-year period included:

- Re-establishing the CFWG to oversee the Council's counter-fraud activities;
- Review and updating counter-fraud and bribery policies and procedures including Constitutional changes relating to planning protocols, and an updated whistleblowing policy.
- Launching an online form to assist the public in reporting suspected fraudulent activity
- Completed an initial assessment for the Council' inherent fraud risk.

The guidance and legislation that underpins the Council's response to its fraud risks remain unchanged. As a result, the 2024-26 counter fraud strategy's five pillars of activity remain relevant:

- Govern
- Acknowledge
- Prevent
- Pursue
- Protect

The action plan for 2024-26 builds on the achievements from the 2022-24. Key actions for the period will be to create an integrated fraud response plan for the Council, to update the fraud risk assessment in line with the risk management policy and procedure that will be introduced in this meeting and to consider targeted action to mitigate the fraud risk in key areas. The counter-fraud action plan 2024-26 is attached in Appendix 1.

## **3. Whistleblowing and Fraud Reporting**

The Council's online fraud reporting tool went online in May 2024. Members of the public now have a single form through which they can report any suspicious activity. These are received and recorded by Internal Audit before being sent to the relevant department for review.

[Reporting fraud, bribery and corruption - Uttlesford District Council](#)

Internal Audit have now started gathering statistics on the concerns reported by members of the public and will be publishing them biannually. This will provide baseline data that will inform the fraud risk assessment. UDC expects use of the web reporting tool to increase through the 2024 and 2025 calendar years as public awareness increases. In the future, this data will help UDC to understand changes in its fraud risk profile.

In the period May to October 2024, there had been 13 reports of suspected fraud by members of the public. The table below summarises the referral by fraud type and status of the review:

Fraud Type	Closed No Action	Closed Recovery	Ongoing	Total	Recovery
Business Rates			1	1	
Council Tax	2	1	2	5	£471
Housing Benefit	3			3	
Tenancy Fraud			3	3	

Routine bank reconciliations identified a fraudulent direct debit payment for £34,700 that had been taken from the Council's revenue account. It was initiated by an unknown third party to pay one of their bills using the bank's online mandate (that does not require a physical signature) and the bank account details the Council publishes to facilitate its income streams. The bank has been contacted and they have cancelled the direct debit and refunded the Council. Additional steps have been taken to protect the council's revenue and rent bank accounts from this type of fraud in the future.

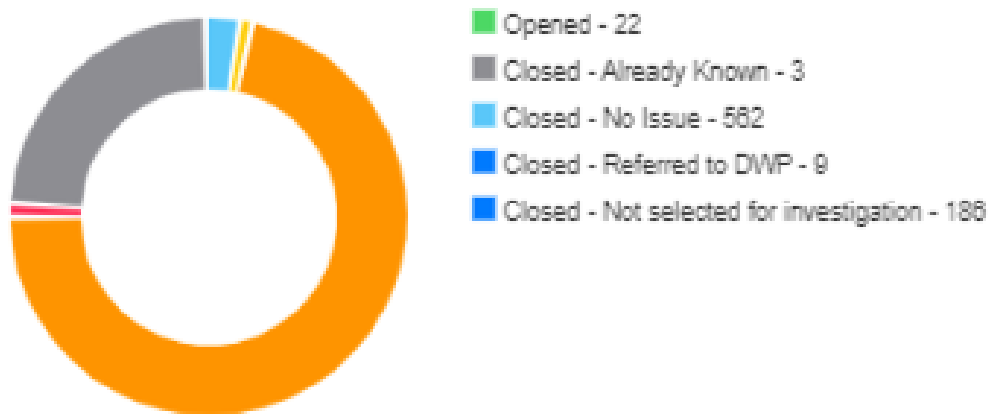
The Head of Legal confirmed the whistleblowing policy has not been used in the financial year to date and Human Resources have confirmed there have been no internal investigations for financial irregularity in the same period.

**4. NFI 2022/23, 2023/24 and 2024/25**

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council is required to submit data to National Fraud Initiative on a regular basis. Preparations are underway for the 2024/25 exercise, with data submitted between the 1<sup>st</sup> and 25<sup>th</sup> October 2024. It is anticipated that matches will be available for review from Friday 20<sup>th</sup> December 2024.

The last major exercise was in 2022/23, where 848 matches were generated for investigation across the authority including Housing, Finance, Revenues and Benefits. No fraud or error has been identified to date:

The number of matches processed aggregated by status - Displayed as a doughnut chart.



The Council has reviewed and completed its work on 574 matches, concluding that there was no issue with 562 of the matches and it already knew about three of the others. Nine have been referred to the Department of Work and Pensions for their investigation.

There are 22 matches (all related to Housing) that have yet to be resolved and a further 186 lower quality Housing matches that have not been selected for investigation. Internal Audit has been informed that Housing does not have the resource to investigate these at the moment. Housing believe the majority are where a joint tenant has died but they are awaiting paperwork before updating the tenancy. The Audit Manager has offered to support Housing to resolve the remaining matches.

The Council also submits Council Tax data on an annual basis in order to check the legitimacy of the Single Person Discounts claimed. The Council received 30 matches for rising 18s and 3282 from other datasets. The compliance team prioritises the rising 18s as they have historically found considerable overlap between the other datasets and other data matching exercises they perform alongside other Essex Councils.

The review of 11/30 Rising 18 matches have been completed with a £420 saving from one case.

A small sample (64) of matches from the other datasets have been reviewed and no fraud or error has been identified.

Alongside the 2023/24 exercise, the UDC opted in to a Council Tax to Deceased Death Register Information pilot at no additional cost to the Council. There were 240 matches were released to UDC. 235 have been closed as no issue and the other five are currently being investigated.

In addition to the National Fraud Initiative, the Council has shared electoral roll, council tax and housing benefit data with other Essex District Councils since 2018. UDC has receives approximately 500 matches a month Sharing Agreement. A total of 505 irregularities have been identified and reviews have identified savings of £116,274 and £840 in fines

##### **5. National Anti-fraud Network**

As part of its subscription to the National Anti-fraud Network (NAFN), the Council receives intelligence alerts regarding fraudulent activity against other public sector organisations. Whilst details of these alerts cannot be published, they are passed on to relevant departments within the Council and will inform the Council's fraud risk assessment.

The Council also takes advantage of training provision by NAFN and will consider material provided to support any campaign pursued as part of the counter fraud strategy (e.g. publicity material to support a tenancy fraud campaign was distributed in June 2024).

