



Buckinghamshire Council

Draft Counter Fraud Plan 2020/21

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1. Introduction

1.1. Background and statistics

1.1.1. Buckinghamshire Council is committed to affecting best practice in anti-fraud and anti-corruption, and has a zero tolerance to fraud. The responsibility for delivering the Counter Fraud Plan sits with the Business Assurance Team within Corporate Finance. For around the last ten years in particular the government have been extremely concerned about fraud within local authorities and various research in the form of the Protecting the Public Purse research, various documents from the Chartered Institute for Public Sector Finance and Accounting (CIPFA) and other documents such as the CIPFA Government Fraud Tracker 2019, all expound research quantifying that local government fraud is something which local authorities simply cannot ignore and which they must be committed to eradicating.

1.1.2. The statistics regarding fraud threats within local government are as follows:

- The total estimated value of fraud detected or prevented by local authorities in 2018/19 is approximately £253m.
- The average value per fraud remains at £3,600 in 2018/19.
- The number of frauds detected or prevented has decreased to 71,000 from the 80,000 cases found in 2017/18.
- Council tax fraud represents 78% of the identified instances of fraud with an estimated value of £30.6m.
- The estimated volume and value of insurance fraud cases in the UK more than doubled in 2018/19 compared to the previous year.
- The estimated average value per case of Blue Badge fraud has increased from £499 to £657 in 2018/19.
- For 2018/19, the three greatest areas of perceived fraud risk continue to be procurement, council tax single person discount (SPD) and adult social care.
- For 2018/19, the four main types of fraud (by volume) that affect local authorities continue to be council tax, housing, Blue Badge fraud and business rates.

1.2. Objectives

- 1.2.1. The objectives of this pro-active plan are to underpin the council's commitment to anti-fraud and corruption matters. Clearly, the threats to the public purse are real and the risks both to reputation, the effect on the most vulnerable and our general financial well-being are ones that cannot be tolerated.
- 1.2.2. In particular, this document seeks to draw out high risk areas for the 2020/2021 pro-active plan. This plan does not seek to address every single risk area, as that would be an unwieldy objective and one which simply could not be fulfilled with the allocated resources. Instead, the document selects particular high risk areas and recommends focused work to be undertaken.

1.3. Resources

- 1.3.1. The Buckinghamshire Council Business Assurance Team has the following resources earmarked for counter fraud work, this also including reactive fraud work:
- 1FTE Audit and Anti-Fraud Manager
 - 1FTE Graduate Project Officer (specialising in anti-fraud)
 - 0.8 Senior Corporate Investigator
- 1.3.2. Clearly, in light of the COVID-19 crisis, the way in which work is being undertaken has had to be amended. Reactive work necessitating face-to-face contact in the form of evidence gathering, witness statement taking or interviews has had to be deferred. Similarly, the approach towards pro-active work will need to be amended to a more desk-based data analytical model which could be followed up later in terms of more direct evidence gathering methods if necessary.

2. Current Fraud Threats

Overview

This document seeks to explain particular internal and external fraud threats which have been mooted at a national level and quantified in various reports. Therefore, this approach is one which is non-controversial and which senior representatives from central government and local government think tanks would likely all agree upon in terms of addressing fraud risks.

2.1. New threats resultant from re-organisation and unitary

2.1.1. This document also seeks to address some new threats which may be resulting from new ways of working and from new areas of business which may not have been addressed proactively in terms of antifraud and anticorruption work.

2.2. Covid-19 related fraud threats

2.2.1. Perhaps unsurprisingly, the COVID-19 emergency has led to increased levels of fraud as criminals seek to take advantage of what is an unprecedented challenge for the whole of society.

2.2.2. Factors leading to the heightened risk include:

1. Urgency in delivery - implications for due diligence and verification.
2. Working with new suppliers/partners or existing suppliers in new ways - due diligence and verification at pace.
3. Staff redeployed to COVID-19 response/increased sickness levels – impact on segregation of duties.
4. Increased levels of remote working – impact on information security.
5. Increased levels of financial hardship/uncertainty – impact on motivation and rationalization to commit crime.

2.2.3 It is therefore recommended that pro-active fraud work be designed to cover these areas.

2.3. Internal and external fraud threats

2.3.1. The following areas represent a threat in both areas i.e. internal and external:

Social housing - Whilst this is a complex and broad area in terms of fraud risk, the following three risks are deemed significant and worthy of work immediately:

1. Illegal subletting, Right to buy fraud
2. Staff involved in fraudulent allocations.
3. Other housing fraud (false documents, no recourse, organised crime).

2.3.2. It is therefore recommended that proactive work be designed into the above three areas to sample data to highlight possible fraudulent cases.

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Facilities management

2.3.3. The following represent high risk fraud areas and it is recommended that proactive work should be scoped and data analysed to discover possible fraud:

6. Corruption in the valuation and disposal of assets, buildings, land.
7. Corruption in the income / renting out of spaces, buildings, land.
8. Procurement fraud, conflicts of interest, own companies, corruption in: contracts for maintenance, security, CCTV, staff and catering.

Revenues: Council Tax and Business Rates

2.3.4. It is recommended that data sampling proactive work be undertaken to search for fraudulent debt write offs, discounts allowed by staff and staff committing their own council tax and or business rates fraud.

2.3.5. It is recommended that data sampling proactive work be undertaken to search for fraudulent single persons discount on council tax, council tax reduction applications, and council tax probate discount cases. In regards to business rates fraud it is recommended that analysis to be undertaken to ascertain any fraudulent charitable exemption cases.

Internal fraud - The recommended emphasis is on prevention and training

2.3.6. With limited resources and with restrictions on how we can operate currently due to the Covid-19 crisis, a proactive approach in terms of identifying new ways of raising fraud awareness is recommended. Our proactive plan therefore recommends structured training be delivered, most likely through electronic means via e-learning, slide shows and video presentations, in the following areas:

1. Increase whistleblowing profile and awareness of support structures around it.
2. Fraud awareness presentations.
3. Anti-money laundering training.
4. Identity fraud awareness.
5. Mandate fraud prevention training and systems review.

Other internal risk areas

- 2.3.7. Procurement and contract management - Recent experience from whistleblowing cases and other fraud cases are that procurement and contract management may not always be undertaken effectively to keep contractors suitably in line with expectations. A level of fraud awareness training is also therefore recommended for contract management staff.
- 2.3.8. Schools - Recent fraud cases locally and nationally indicate a significant risk within the school sector generally - regardless of the type of school. The types of fraud issues being nepotism, procurement fraud, overspending, theft of income and a raft of other concerns. It is therefore recommended that a level of training be rolled out to school leaders electronically as part of this project of plan.

Information technology threats (internal)

- 2.3.9. The necessary mass rollout of home working due to the Covid-19 pandemic brings with it risks in terms of the misuse of work time, unscrupulous staff running a business in work time and other matters pertaining to the miss use of our information technology and internet resources. It is recommended that work to be undertaken with the council's information technology service to ascertain any such abuse.

Other external fraud threats

- 2.3.10. The following three areas have been identified as high risk external fraud concerns nationally, it is therefore recommended that this proactive plan address these areas with a targeted approach:
1. Blue badge - working with parking enforcement staff and the contractor to identify citizens misusing the scheme by parking illegally using a relative's badge or a stolen badge.
 2. Direct payments / social care fraud - working with social services to gain information on suspicious cases whereby clients may have exaggerated disabilities or may not be disabled. Cases also involve risks where clients have significantly improved and not reported this or where direct payment monies are being miss-used by family members or others.

3. Insurance - working with insurance staff to identify cases whereby citizens may have submitted fraudulent insurance claims for damage to vehicles in potholes, falling trees or other areas which may be exaggerated or where fraudulent claims may be resultant.

Data matching

- 2.3.11. Buckinghamshire Council is committed, as with the legacy councils, to the national fraud initiative (NFI) data matching drives. This is an annual process whereby critical sets of data are submitted centrally for data matching. These datasets normally contain details of all members of staff, housing benefit claims, council tax discounts, social care cases and other data sets involving creditors and other financial transactions. The overarching objective being to find double payments, spurious claims and staff involved in a variety of different offences.
- 2.3.12. It is recommended that this dataset be addressed as part of the proactive antifraud plan and more information will be submitted once we have the results from this year's data sets in hand. It is worth noting the significant gains made in Blue Badge fraud abuse.
- 2.3.13. One area however, where we feel that work should be undertaken regardless and possibly in addition to any data matching is that of duplicate creditors payments and staff who are recipients of credit to payments. Clearly, the objective being to find any of our suppliers who have submitted duplicate invoices either fraudulently or in error or where our staff may be running companies we were not aware of.