

**East Herts Council
Anti-Fraud Plan 2018/2019**

in partnership with

The Shared Anti-Fraud Service



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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils states that the key elements for the Strategy are;

Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,

Actions to prevent and deter fraud and corruption,

Controls to detect and ensure investigation of fraud and corruption,

Alertness and vigilance reinforced by training.

This plan includes objectives and key performance indicators that support the Councils Strategy and meet the best practice guidance/directives from central government department such as

Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government is large, but difficult to quantify with precision.

In its 2015 publication ***Code of practice on managing the risk of fraud and corruption*** CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA ***Local Government Counter Fraud and Corruption Strategy (2016-2019)*** included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles '**Acknowledge/Prevent/Pursue**'. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (6C's) identified in the CIPFA Strategy:

- **Culture** - creating a culture in which beating fraud and corruption is part of daily business,
- **Capability** - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- **Capacity** - deploying the right level of resources to deal with the level of fraud risk,
- **Competence** - having the right skills and standards,
- **Communication** - raising awareness, deterring fraudsters, sharing information, celebrating successes
- **Collaboration** - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2017/2018 is founded on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately

protected from fraud risk or that where fraud does occur there are plans to manage and mitigate any losses.

SAFS Resources 2018/2019

Budget

In December 2016 the SAFS Board agreed that the annual fee for District Councils, who did not hold housing stock, would be fixed to £80,000 +VAT. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for 5 years with an increase in fees each year at 1% from 2019 onwards.

Fees for East Herts Council in 2018/2019 remain at £80,000 + VAT.

Staffing

The full complement of SAFS now stands at 14.5 FTE's; 1 Manager, 2 Assistant Managers, 8 Investigators and 2 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and 0.5 FTE Business Support who are funded from SAFS Budgets.

For staffing – East Herts Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the local data-warehouse and can call on one of the SAFS management for liaison meetings, management meetings and two Audit Committees reports per annum. SAFS also have access to an Accredited Financial Investigator (AFI), specialist IT and financial and forensic through third party providers and criminal litigation services.

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to assist in the early identification of fraud and fraud prevention
 - The data-warehouse will be funded by SAFS
 - The data-warehouse will be secure and accessible only by nominated SAFS Staff. Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
 - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.

7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
 - All reported fraud will be actioned by SAFS within 5 days, on average.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each investigation.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
 - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
 - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

**Data Protection Act, General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*

EHC / SAFS Action Plan 2018/2019

| CIPFA Principles | SAFS Objectives | Goals & 6Cs | Activities | Responsible Officer |
|--|--|--|--|---------------------------------|
| ACKNOWLEDGE | Ensure ongoing effectiveness and resilience of anti-fraud arrangements | Fraud is acknowledged as a Risk for the Council CULTURE | The Council has in place Anti-Fraud and Corruption Strategy | Head of Finance / Head of Legal |
| | | | The Council has a Fraud Response Plan and this Action Plan | Head of Finance / Head of Legal |
| | | | PAG and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements | Head of Finance |
| | Improve the reach into areas of 'corporate' fraud across all Partners | The Council has a robust communication policy demonstrating its commitment to prevent fraud. COMMUNICATION | The Council conducts Fraud Risk Assessments | SAFS Mgr/ Risk Mgr |
| | | | The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime | Head of Legal |
| | | | The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS | Head of Comms |
| PREVENT | Create a data hub for Hertfordshire | Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. COLLABORATION | SAFS will provide access to fraud reporting tools (web/phone/email) | SAFS Mgr |
| | | | The Council and SAFS will make available fraud awareness or specific anti-fraud training across all Council services | SAFS Mgr & Head of HR |
| | | | Provide fraud alerts to appropriate officers/staff/services. | SAFS Mgr |
| | Develop services which can be marketed to external bodies | Have the highest levels of professional standards COMPETENCE | SAFS will provide an E-Learning Packages for staff/members | SAFS Mgr & Head of HR |
| | | | Develop existing SAFS Data Hub to improve the use of Data to prevent/identify fraud | SAFS Mgr |
| | | | Review data sharing agreements/protocol between internal and external partners | Head of Legal / SAFS Mgr |
| PURSUE | Deliver financial benefits in terms of cost savings or increased revenue | Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. CAPABILITY | Work to develop 'Flexible NFI & 18/19 NFI Matches | SAFS Mgr |
| | | | Work with DWP to deliver CTRS/HB/Housing Fraud 2018 National roll-out | SAFS Mgr/ Head of Finance |
| | | | Work with other organisations, including private sector, to improve data-sharing | SAFS Mgr |
| | Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally | Develop the right level of resources to deal with the level of fraud risk CAPACITY | All SAFS staff will be fully trained and accredited | SAFS Mgr |
| | | | All investigations will be undertaken in compliance with relevant legislation and Council Policies | SAFS Mgr |
| | | | SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level | SAFS Mgr |
| Deliver financial benefits in terms of cost savings or increased revenue | Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. CAPABILITY | SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc | SAFS Mgr | |
| | | SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council | SAFS Mgr | |
| | | SAFS will record and report on all fraud referred, investigated and identified | SAFS Mgr | |
| | | SAFS will review fraud trends and new threats and report on these to Council Managers | SAFS Mgr | |
| Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally | Develop the right level of resources to deal with the level of fraud risk CAPACITY | SAFS and the Council Legal and Debt teams will seek to 'prosecute' offenders and recover losses | SAFS Mgr /Head of Legal/ Head of Finance | |
| | | The Council will review its ROI from SAFS Membership | Head of Finance | |
| | | SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually | SAFS Mgr | |
| | | Reports to Senior Mgt and Audit Committee on SAFS and Council activity | SAFS Mgr / Head of Finance | |
| | | | Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement | Head of Finance |

SAFS

KPIs 2018/2019

| KPI | Measure | 2018/2019 Target | Achieved 2017/2018 To 31.12.2017 | SAFS Partnership Aims |
|-----|---|---|---|--|
| 1 | Provide an Investigation Service | 1 FTE on call at EHC (Supported by SAFS Intel/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to NAFN for relevant EHC Staff Fraud training events for staff/Members* | 100% | Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS. |
| 2 | Identified Value of Fraud prevented/detected . Based on the Methodology | £150k From fraud identified and savings/prevention | £117k <i>to 31.12.2017</i> (Target £100k) | Deliver financial benefits in terms of cost savings or increased revenue. |

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| | agreed by SAFS Board | | | |
| 3 | Allegations of fraud Received. From all sources. | 100 Fraud referrals from all sources to SAFS | 72 <i>to 31.12.2017</i> (100Target) | Improve the reach into the areas of non-benefit and corporate fraud within the county. |
| 4 | Success rates for cases investigated. This will ensure that quality investigations are undertaken. | 50% | 61% <i>(16 of 26 cases proved)</i> (50% Target) | Create a recognised centre of excellence able to disseminate alerts and share best practice nationally. |
| 5 | Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining. | Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework. | NFI complete, CTax FW in place. Data-Warehouse operational | Create a data hub for Hertfordshire. |

***Costs will include salary and direct on-costs for CFO (1 FTE), ACFM (1/3 FTE), Intel Officer (1/3 FTE) = £62k. Costs for NAFN/CIPFA/CMS/ Data Hub = £10k. Costs for 5 training events = £2.5k.**