



Agenda item
No:

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HERTFORDSHIRE COUNTY COUNCIL

**AUDIT COMMITTEE
26 MARCH 2018 AT 10.00 AM**

**ANTI-FRAUD ACTION PLAN -
PROGRESS FOR 2017/18 AND
PLAN FOR 2018/2019**

Report of the Director of Resources

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Recommendations:

Members are recommended to:

1. Note progress on the 2017/18 Action Plan
2. Review and approve the SAFS/HCC Anti-Fraud Action Plan 2018/2019.
3. Read and review the LGA Councillors Workbook on Fraud and Bribery Prevention 2017

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- A. LGA Councillors Workbook- Fraud and Bribery Prevention
- B. HCC Anti-Fraud Action Plan 2018/2019

1 Introduction and Background

Purpose of Report

1.1 To provide Members with information on:

- Progress on the SAFS/HCC Anti-Fraud Action Plan for 2017/2018
- A proposed SAFS/HCC Anti-Fraud Action Plan 2018/2019
- Transparency Code Data

Background

1.2 Reports issued by Government and public sector organisations continue to highlight fraud as a significant risk for local government. These reports continue to be used by SAFS to ensure that the Council is aware of its own fraud risks and finds ways to mitigate or manage these effectively, wherever possible.

These reports include:

- *Fighting Fraud and Corruption Locally 2016–2019 Strategy* produced by CIPFA in March 2016 and supported by CLG. The new strategy estimates annual fraud losses in local government at around £2.1bn (this report is based on 2013 data).
- *UK Annual Fraud Indicator 2017* published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian which estimates the risk of fraud losses for local government in excess of £8bn per annum.
- CIPFA's *Fraud and Corruption Tracker 2017* indicates that identified fraud has increased since 2016 but that the capacity within the sectors counter fraud capacity had reduced, and would continue to do so, placing local government at even greater risk of fraud.
- The Central Government's *United Kingdom Anti-Corruption Strategy 2017-2022* includes the vision and priorities for dealing with and reducing the risk of corruption within the UK private, public & charity sectors and when working with organisations /companies/government agencies abroad.

1.3 The Cabinet Office, Department for Communities and Local Government, NAO, and CIPFA have also issued guidance, advice, and best practice directives to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for councils to be vigilant in recognising their fraud risks and to invest resources in counter fraud activities that deliver savings.

- 1.4 The Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS) and hosts the SAFS Team at its Stevenage Campus. Members have previously received detailed reports about the team's progress and how the service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with all aspects of fraud from deterrence & prevention to investigation & prosecution.
- 1.5 It is essential that to support SAFS the Council continues to have in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of fraud.
- 1.6 In 2017 the LGA published its Councillors Workbook on Bribery and Fraud Prevention. A copy of the Workbook can be found at **Appendix A** and Members are invited to read and review this document.

2. Plans and Reports 2018/2019

Anti-Fraud and Corruption Strategy

- 2.1 The Council has in place an Anti-Fraud and Corruption Strategy. This document lays out the Council's position and includes advice to Members, senior officers, and staff about how to deal with identified fraud and corruption. This document was reviewed in 2017 and it complies with best practice guidance from CIPFA.

Anti-Fraud Action Plan 2017/2018

- 2.2 The Council's Anti-Fraud Action Plan for 2017/2018, approved by Members in March 2017, covered all areas recommended by CIPFA to ensure that the Council acknowledges the risk of fraud, its responsibility to combat these risks, and takes appropriate action to prevent/deter/pursue fraud. A report detailing progress against the plan was provided to Members in November 2017 and a final report on performance in 2017/2018 will be provided to this Committee in the summer of 2018.
- 2.3 In the first three quarters of the current financial year 112 cases were reported to SAFS for investigation (34 from staff, 43 from public and 35 from other sources), including allegations of fraud affecting the following areas/services across the Council:

Service Area	No. reported incidents
Blue Badge	65
Care Service (Children & Adult)	16
Schools	9
Staff/ Payroll	7
Pension	5
Mandate/ Payment	3
Insurance	3
Other	4

- 2.4 Of 24 cases where action has been taken, and investigations closed to the end of the 3rd Quarter, financial savings in excess of £1.8m and fraud losses of £92k have been identified. A further £178k in Council Tax Revenue has resulted from SAFS anti-fraud work with district councils in the County, of this around £140k will come to Hertfordshire County Council.
- 2.5 In 8 of the most serious cases the subjects were prosecuted and 2 employees have been disciplined following investigations, one of these matters was also referred to Hertfordshire Constabulary to deal with. As noted above, a full report will be provided to this committee later in 2018 as a number of significant cases are still awaiting financial reporting in the 4th quarter.
- 2.6 For Hertfordshire County Council 'Fraud Loss' is where a debt has arisen as a direct result of a fraudulent act that the Council can recover through civil/statutory routes. 'Fraud Savings' reflects an incident or attempted fraud that has been prevented, or an ongoing 'Fraud Loss' that has been stopped preventing further loss.

Area of Fraud Loss	Value of Loss £,000
Pensions	63
Staff	9
Care	20
Total	92
Area of Fraud Savings	Value of Savings £,000
Pensions	56
Staff	6
Insurance	9
Blue Badge	1,420
Concessionary Travel Passes	282
Mandate/ Financial	55
Total	1,828

- 2.7 The tables above include the savings identified from the work undertaken with the Council's Customer Service team to remove nearly 10,000 out of date Blue Badges and Concessionary Bus Passes that were still in circulation and potentially in use. The Cabinet Office places a value on this work in excess of £1.6m for Hertfordshire County Council and local authorities across Hertfordshire.
- 2.8 Work at Hertfordshire County Council in the latter half of 2017/2018 has been focused on ensuring that the Council meets its requirement to comply with the National Fraud Initiative. This exercise is delivered every two years by the Cabinet Office and involves data supplied by the Council being matched to every other Council in England, certain data from the NHS, the Home Office and the National Office of Statistics to identify fraud and error. In all, more than 30,000 potential errors were identified affecting services provided by Hertfordshire County Council and SAFS have worked very closely with the affected services to resolve these discrepancies many of which are technical issues rather than frauds. Savings identified from this work are not fully recorded at this time.
- 2.9 In 2017/2018 prosecutions brought against offenders have included the following:

A man from Buckinghamshire who made a claim on his son's behalf for damage caused by a drain cover in Welwyn Garden City was prosecuted for two offences under the Fraud Act and ordered to pay fines and costs of £2,500 to HCC.

The man had claimed damages of £1,300 that were caused to his son's car by providing a false invoice for works that were never undertaken. His claim was refused and following this an investigation by SAFS revealed the extent of his offending.

A Harlow woman was prosecuted for displaying her father's blue badge in a pay and display car park in Bishop Stortford when her father was not with her. On the day that the woman parked her car officers from SAFS were patrolling in the vicinity with the local parking enforcement team.

The woman was fined and ordered to pay the Council's costs, of £1,300, in full.

- 2.10 SAFS have worked with Hertfordshire County Council Adult Care Services in the last few months following reports from CIPFA that reported fraud in adult social care had increased significantly in 2016/2017. This work has identified several cases of suspected fraud involving significant potential losses to Hertfordshire County Council and SAFS work plan for 2018/2019 now include

Anti-Fraud Action Plan 2018/2019

- 2.11 The plan for 2018/2019 uses a similar format to that used in previous years taking into account changes in guidance from CIPFA and/or changes in fraud risks for the Council. See **Appendix B** for a copy of the plan.
- 2.12 Adherence to the proposed plan for 2018/2019 will ensure compliance with the Council's own Strategy, and the best practice guidance issued by the CLG, NAO, LGA, and CIPFA.

Transparency Code Data 2017/2018

- 2.13 SAFS will also provide data to meet the requirements of the Transparency Code for publication by the Council in May 2018 on its activity on Counter Fraud for the whole of 2017/2018.

Appendices

- A.** LGA Councillors Workbook.



LGA Workbook



HCC Anti-Fraud Plan
2018/2019

- B.** Proposed SAFS/ HCC Anti-Fraud Plan 2018/2019-