



Tonbridge & Malling Borough Council

Corporate Fraud
Investigation Section
Business Plan

2013-14

VISION

The Corporate Fraud Investigation Section (CFIS) aims to provide a quality fraud investigation service for Tonbridge & Malling Borough Council. The quality and quantity of work targeted is set out in the Section's Best Value Performance Plan. The CFIS must also work within the boundaries of relevant legislation.

MISSION

The overall mission of the CFIS is to ensure that the Council has adequate systems in place to meet the Fighting Fraud Locally Strategy of Acknowledge, Prevent and Pursue fraud.

VALUES

The team will accept referrals from all sources and examine them for strength of evidence. Where there are reasonable grounds for suspecting fraud they will investigate to determine the extent of the fraud within a criminal investigation framework.

If there is evidence of fraud "beyond reasonable doubt", the case will be considered for further action under the Council's Prosecution Policy. Where there is evidence to suggest that an unreported change of circumstance has taken place but the evidence appears to be "on the balance of probabilities", then the case will be treated as a compliance case or overloaded if sufficient resources are not available. If during the compliance investigation additional evidence of a further offence becomes available, then the case will be reconsidered.

The Corporate Fraud Investigation Section will act in accordance with procedures and standards set out that are considered to be best practice.

In addition, the Team will work with other external bodies where there is a legal gateway to do so in order to investigate fraud.

EXTERNAL ENVIRONMENT

The team will deal with a number of external stakeholders during the course of their work. It is important for the team to find out what is going on in these areas and to be able to react quickly to change. They will also be required to ensure that claimant confidentiality is maintained where appropriate.

Clients – The section investigates clients of the Council where an allegation of fraud or anomaly has been reported. The basis of investigation is through the examination of referrals determining where the priority of investigation activity will be. In order to ensure that this process is undertaken in a consistent manner the Fraud Manager will use a 5 X 5 Referral Risk Analysis to rate the quality of referral. Where clients are investigated the investigation will be conducted in compliance with the relevant legislation.

Landlords – Benefit may be paid to the individual or a landlord. There may therefore be a need to seek information from landlords when investigating cases. In all instances the Benefit Investigations Section will seek the co-operation of the landlord in investigations.

Informants – Where information is received by members of the public that may suggest a fraud, then the officer receiving the call will record details of the allegation on a pre-printed form to ensure as many relevant details as possible are recorded. The section will explore ways in which the access to Benefit Investigators by the public can be better advertised. All investigators are aware of the requirements of the Regulation of Investigatory Powers Act 2000 legislation and will not attempt to persuade the source to carry out surveillance or any other activity that may put them at risk or cause them to act illegally. They must also protect the confidentiality of the claimant by recording the information given and not confirm any benefit claim. The Council also has a dedicated page on its website where concerns can be raised.

Gravesham Borough Council (GBC) – It is intended to continue to operate in partnership with GBC on the provision of a Fraud Manager for 18.5 Hours.

Department for Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC) – The section will be involved in investigating the benefits paid by the DWP and HMRC as well as the Council. In order to ensure that cases are treated equally the value of any DWP and HMRC benefits will be considered as part of the Prosecution Policy decision making process. The section will maintain a close working relationship with the DWP Investigation Service and will ensure compliance with the "One File Concept". Meetings will be held between the Fraud Manager and Fraud Investigation Manager for the DWP to discuss any issues on Joint working. All circulars received from the DWP that affect the working practices of the Benefits Investigation Section will be distributed to all members of the section. An electronic copy of the circulars is kept in a shared drive so that all investigators can access them. The section will participate in the Housing Benefit Data Matching Service and will investigate all reported HBMS anomalies referred for investigation by the Council's Benefits Section and provide feedback on the outcome of cases investigated.

Court Service – The section will liaise with the Court Service through the internal Legal Services team to ensure satisfactory presentation of evidence in Court.

Other External Bodies – The section will maintain links with all other bodies that may assist in the prevention and detection of fraud. This will be achieved by taking an active role within the Kent Investigating Officer Group and Local Authority Investigating Officer Group. Where possible, links will be maintained with other investigating bodies such as the police, Border Agency, South Coast Audit and other Local Authorities within the limits of Data Protection and Human Rights legislation and in compliance with the Memorandum of Understanding. Full advantage will be taken of any legal gateways arising from partnership agreements.

General Public – The section will maintain Web pages on the Council's website. These pages will include how to contact the section, useful information, results of the section's

work and links into other appropriate pages. These web pages will be regularly reviewed in order to ensure that they are kept up to date. The outcomes of all prosecution cases will be reported in a press release that will also be published on the Council Web Site under the heading of “News”

INTERNAL ENVIRONMENT

Director of Finance and Transformation – The section will liaise with the Director of Finance and Transformation as Head of Service on all investigation related matters. The Director of Finance and Transformation will also consider action on fraudulent claims under the Prosecution Policy in liaison with the Director of Central Services and Chief Internal Auditor.

Chief Internal Auditor – The Chief Internal Auditor is the line manager for the section and will liaise with the Fraud Manager on the day to day running of the section. The Chief Internal Auditor will represent the section at Financial Services Management Team, Management Team and with Members. The Chief Internal Auditor will have the responsibility for overseeing the quality of work and performance of the section against any performance plans and standards that apply to the section.

Fraud Manager (currently provided by GBC) – The Fraud Manager will oversee the operational management, quality and efficiency of the section. He will ensure that investigations are carried out in a timely and efficient manner. The Fraud Manager will ensure that there is an ongoing Fraud Awareness initiative to relevant stakeholders.

Revenues and Benefits Sections – The section will maintain close links with the Revenues and Benefits Sections in order to ensure a close working relationship is maintained. Regular reports on the outcome of referrals and investigations will be given to the staff. All staff involved in Benefits Assessment or Council Tax discounts will receive training on fraud awareness regularly with additional specific training where changes in working practices require it.

Legal Services – The Corporate Fraud Investigation Section will process all penalty work in accordance with the Prosecution Policy and legislation. The Legal Services section will agree all penalties arising from this policy. The Chief Internal Auditor will be responsible for administering cautions and Administrative Penalties. The Legal Services section will be responsible for processing prosecutions. The preparation of prosecution files will be undertaken by Investigation Officers with assistance from the Fraud Manager to a standard agreed by Legal Services. The Director of Central Services will be consulted for advice upon any legislative changes affecting the work of the section. Where there are DWP benefits in payment the DWP legal services can be used to progress offences against Tonbridge and Malling Borough Council as well as their own.

Other Sections – Other sections will be informed of the requirements of the Council regarding Fraud by receiving the Council’s Anti-Fraud Policies. These policies will be part of the induction process and are also available on the Council’s Intranet site.

Acknowledgement of the various Anti-Fraud Policies and Confidential Reporting Code will be achieved using Netconsent. In addition there will be fraud awareness training given to staff. Where a referral is received any other member of Council staff feedback is given on the referral within the bounds of maintaining client confidentiality. The section will also undertake other work that will add to the corporate aims of the Council. For example, any information that may assist in the recovery of Housing Benefit Overpayments will be passed to Exchequer Services.

Members – Regular updates of the work of the section will be given to Members of the Finance & Property Advisory Board. In addition, an outturn report will be produced at the year-end to provide an overall summary of the outcome of the work completed by the section.

Gravesham Borough Council – As part of a reciprocal arrangement, GBC will provide the use of an Intelligence Officer for carrying out enquires under the Social Security Administration (Fraud) Act 1997 on behalf of TMBC. In return TMBC are to provide transcribing services to approximately the same number of hours.

CORPORATE FRAUD INVESTIGATION SECTION

The Chief Internal Auditor, within Financial Services, manages the Corporate Fraud Investigation Section. A part-time Fraud Manager is provided by way of a partnership agreement with Gravesham Borough Council, supported by 1.6 F.T.E. Investigators. From June 2013 a previous investigator will undertake compliance duties equivalent to 0.6 FTE including taking preventive action as well as reactive action to reduce fraud and error. The section is supported by a part-time Clerical Support Assistant. Any changes in legislation or work practices that affect the workload of the section will be reviewed to determine any effect on workload. Where there is a need to review the staffing level this will be undertaken by the Director of Finance and Transformation in liaison with the Chief Internal Auditor.

The recognised training standard for Fraud Officers is the completion of the Professionalism in Security standard (PINS) organised by the DWP. This qualification is divided into 7 individual units. All staff have completed their PINS training. The Chief Internal Auditor and Fraud Manager have completed the PINS for Managers training.

The Fraud Manager is taking up a post elsewhere in June 2013 and steps are being taken to replace him on a further partnership arrangement with Gravesham Borough Council.

It is also proposed that the section take on additional compliance and prevention work currently the responsibility of the Principal Benefits Officer including secondment of the Visiting Officer.

SWOT ANALYSIS

Strengths

- The partnership arrangement with Gravesham Borough Council will continue. This arrangement ensures that identified best practices are adopted as well as being cost effective.
- This partnership has resulted in common Anti-Fraud policies being adopted and a standard approach being introduced at both authorities to enable resilience action to be taken without significant periods of training.
- The section has set up strong links with other services to investigate corporate fraud.
- All referrals are vetted using a 5 x 5 risk model in order to ensure consistent treatment.
- The reporting mechanisms have been improved to meet recognised best practice
- The section is geared up to identify priorities for investigation where there is a sanction as a likely outcome.
- The section is held in high esteem by Job Centre Plus and the local Magistrates.
- The team has been able to react to a frequently changing work environment and have been able to prioritise their workload accordingly.
- The section remains committed to participating in the Housing Benefit Matching Service (following initial sifting by Benefits Section), which produces high quality referrals.
- The section uses the National Fraud Initiative exercise to participate in a national data matching exercise.
- The section receives and acts upon LOCTA reports which identify concurrent claims in other authorities.
- The section has been able to change direction and priorities caused by frequent introduction of new legislation and Government policies.
- The work of the section is publicised with press releases and a dedicated fraud page on the Council web site.
- The introduction of a part-time compliance officer will enable non sanction work to be tackled at an early stage in order to reduce overpayments.

Weaknesses

- The workload of the section continues to be high with individual officers having an average workload of over 30 ongoing cases per F.T.E. investigators.
- The pressures of processing cases within time-bar limits means that prosecution work takes priority over other tasks such as reviewing procedures.
- The priorities of the section affect the number of cases being “overloaded” to the DWP that would otherwise have been investigated by the section.
- Where this happens it may have an adverse effect on internal staff making referrals as they will not see any investigation outcome.
- The success of the section will impact on the volume of overpayments of benefit being discovered. Priority has previously been given to cases where a sanction has been the most likely outcome of an investigation. Where referrals were received where there was insufficient evidence to pursue an investigation and DWP benefits

were also in payment the referrals were passed to the DWP. In some of these cases the DWP had the resources to investigate further. Where they are successful the delay in time before a case is finalised will result in a larger overpayment of benefit accruing. Any Housing benefit overpayment that has resulted from the payment of a DWP benefit will have increased in the interim period.

- Frequent changes in Government policy and new legislation require the section to change priorities and working practices on a regular basis.
- The subsidy relating to fraud work is gradually being phased out with the introduction of the Universal Credit
- The specific performance measures applied to Benefit Investigation have been removed by Government and have not been replaced by any meaningful measure.
- The erosion of staffing levels will lead to a slower turnaround of cases, fewer sanctions and larger overpayments accumulating.
- The change to Universal Credit will have an effect on the team when the responsibility for Benefits investigation passes to a “Single Fraud Investigation Service” (SFIS) currently planned to be managed by the DWP. In the interim period the staff will be retained by the Local Authority but will be required to follow DWP procedures and policies.

Opportunities

- The opportunities for the section are geared towards meeting recognised best practice.
- The early introduction of internal prosecutions led to the section being experienced in this approach.
- The increased publicity of sanction action taken may result in increased numbers of external referrals.
- Staff are trained in the use of new powers to obtain information and are using these to gather more evidence.
- Investigation of other fraud such as Housing fraud are being pursued.
- The section will extend investigation to include Single Person Discount and other Council Tax reductions where there is the potential for them to be fraudulent.
- The introduction of the Council Tax Reduction Scheme will require investigators to consider referrals for potential fraud using new powers of investigation introduced by the Government.

Threats

- Another threat to the section is a reducing success rate of investigation. This could result from legislative changes that result from precedence of new Acts, such as Human Rights, being tested in courts or more stringent legislation being introduced.
- The time bars inflicted on legislation already prevent some cases being referred for prosecution.
- The erosion of staff levels will result in a large caseload with Investigating Officers being unable to conclude cases within these time bars.
- The targeting of cases leads to a number of referrals being rejected, where these are internal referrals the source of the referral is informed of the outcome of the referral. The levels of referrals being rejected or overloaded may lead to individuals failing to refer due to de-motivation.

- The increase in the number of benefit claims being made will result in an increase in the level of fraudulent claims requiring investigation.
- A reduction in Government funding for fraud will require other funding to be obtained.

WORK PROFILE

The section receives referrals of allegations from a number of sources. Each referral will be reviewed on its own merits in accordance with the Referrals and Case Opening Procedures. Details of the referral are entered onto a 5 x 5 Risk Model database for prioritising. High priority referrals will be investigated in accordance with standards set out in the Criminal Procedure and Investigation Act, the Local Government Association – Fraud Investigations Manual and other relevant best practice guidelines. In lower scoring cases where there is less evidence, the case will be considered for referral for intervention action. In all cases investigated the correct entitlement will be assessed by Sections using the information arising from the investigation. All cases where there is a potential legal sanction are investigated to criminal evidence standard and resolved in accordance with the Council’s Prosecution Policy.

Regular contact with the DWP is made to discuss joint benefit cases and relevant referrals that the Council cannot investigate are “overloaded” to DWP. One file concept investigations are considered where appropriate.

PLANNED ACTIVITIES

The main activities of the section were originally defined in the Fraud Prevention Best Value Performance Plan. Although this no longer in existence the principles are appropriate as follows: -

- Investigate allegations of fraud against the council that has or potentially will have a financial impact on Council resources. To act in accordance with the prosecution policy with regard to resources available.
- Liaise with the DWP and other stakeholders in order to prevent and counter fraud beyond what is possible from the Council’s own resources.
- The section aims to record all cases handled. In addition, to complete statistical returns in order to provide information, either requested or required, promptly and accurately.
- To develop a closer working relationship with the Councils Housing allocation section and social landlords to ensure there are robust investigations into offences committed under the Social Housing Fraud Bill as well as providing the funding for any investigations.

- To investigate the possibility of working with new partners such as Kent County Council and Social Landlords to investigate other areas of fraud and funding opportunities.
- All activities - To run the Fraud Prevention function economically and efficiently.

FRAUD SECTION ESTIMATED OUTCOMES 2013/2014

The section is focussing on meeting recognised best practice in order to meet the required standards of an external inspection.

There will be two approaches to dealing with cases where there is evidence that a fraud has happened. Where there is sufficient evidence that a penalty is the potential outcome the case must be evidenced to prosecution standard.

In addition there will be cases where there is sufficient evidence to investigate but it is unlikely to result in a penalty. In these cases the objective will be to correct the situation and prevent the fraud from continuing.

There is a further requirement to maintain costs and income within the budget set by Council through the Annual Estimate Process. Monthly monitoring of salaries is undertaken by the Accountancy Section and reviewed by the Director of Finance and Transformation. Other controllable costs of the section are minimal and are reviewed annually against the budget. The partnership arrangement and use of a part-time post have contributed to the overall savings of the Council.

The section does not have targets as the previous HB Performance Standards were discontinued. However, it is still useful to have an estimate of outcomes. The mix of penalties changes annually but the best estimate based upon previous outcomes are as follows: -

- 14 Cautions
- 8 Administrative Penalties
- 14 Successful Prosecutions

Another requirement of the HB Performance Standards was to investigate cases and close them as quickly as it is practically possible. Local authorities should not allow overpayments to accrue once a change of circumstances is found, as these then become Local Authority error. In addition, there are time bars that apply to prosecution action. This must be balanced against the quality of evidence required to pursue a sanction.

The Fraud Manager has introduced regular case reviews with the Investigators to ensure that cases are not allowed to stagnate. Investigators will also be measured against DWP Key Work Objectives for Investigators. This will ensure standards are maintained and to provide continuous professional development for the PINS accreditation.

The cases of benefit investigated by the Investigation Section are recorded in an individual fraud file. Upon closure this file is sent to the Senior Benefits Assessors for signing off. This process forms the quality check on the level of investigation and the decision reached. At the same time the overpayment is calculated. It is the section's aim to have 95% of closed cases accepted for first time closure by Benefits Section.

The section aim is to comply 100% with Department for Work and Pensions procedures when dealing with their cases. Measurement of achieving this will be determined by not receiving any adverse comments on section performance from the Department for Work and Pensions, External Auditor any other external inspection.

All statistical information is to be accurately submitted within the required timescale. This will be measured by ensuring that an up to date record of sanctions is maintained, all sanction outcome forms are completed on time and all information required by other sections to complete forms is provided within two working days of being requested. The section uses the Northgate Fraud Management System so a majority of required statistical information will be captured automatically.

There is also a target that no returns that have to be certified by the External Auditor or require significant amendment by him/her as a result of investigation work.

The cases closed by the section are measured against a Prosecution Policy to determine appropriate action where fraud is proven. Compliance with the Council's Prosecution Policy, ensures that prosecutions are not challenged on technical grounds. This process requires an independent approval of recommended action to be taken by the Chief Internal Auditor, Director of Central Services and Director of Finance and Transformation. A signed sheet shows agreement to action taken and compliance with the Prosecution Policy.

Review

This plan will be reviewed on an annual basis in order to take account of changes in targets, resources, legislation, standards etc.

David Buckley
Chief Internal Auditor
May 2013