CIPFA The Chartered Institute of Public Finance & Accountancy

North West Audit Risk and Governance Group Autumn Seminar

Counter Fraud Centre Update

Arjun Medhi

CIPFA

Simon Bleckly

Salford City Council

Jane Whyatt

Oldham Council

Andrew Cooling

Ordnance Survey

Richard Duffield

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Overview

1. CIPFA Counter Fraud Centre – events
2. Latest figures
3. Counter fraud in the North West
4. Counter Fraud Hubs
5. Business Rates Proof of Concept
6. Questions

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Event Update

Event update	Date & Location
CPD workshop: Investigative Interviewing – Tackling the Active Defence	11 October 2017, Manchester
CIPFA Accredited Counter Fraud Technician (ACFTech)	13 to 17 November 2017, Manchester
CIPFA Accredited Counter Fraud Technician (ACFTech) in procurement fraud	11 to 14 December 2017, Chester
CIPFA Certificate in Anti-Bribery and Corruption Studies (CABCS)	7 to 9 November 2017, Manchester

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CIPFA Counter Fraud Summit

Theme: Innovation in tackling public sector fraud

Date: 14 November

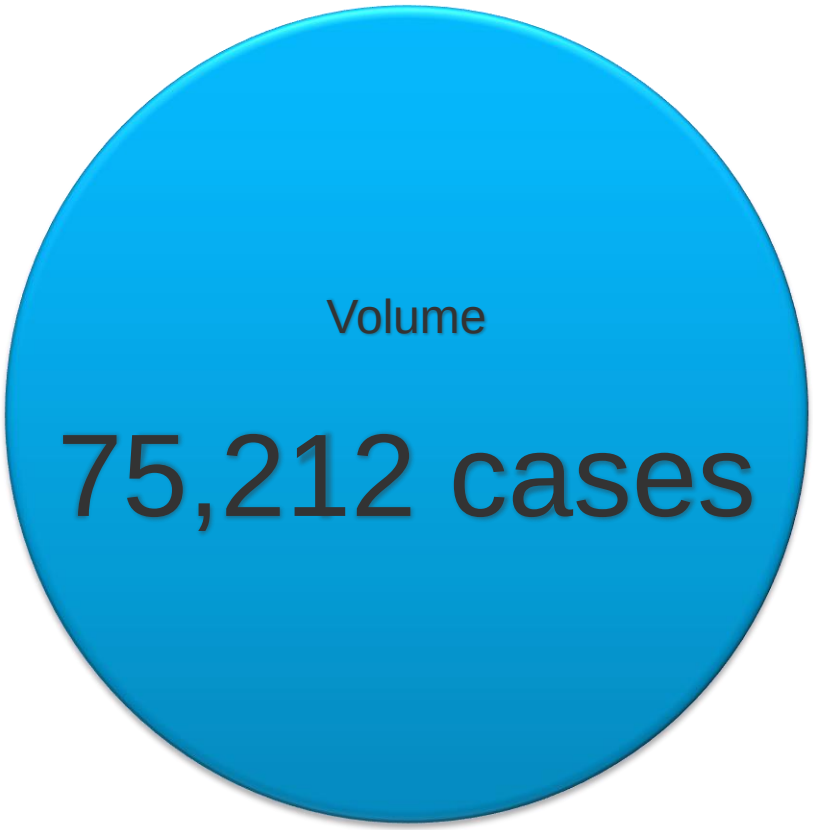
Venue: EY, London

Speakers from:

Home Office, London Borough of Ealing, Metropolitan Police, Government Internal Audit Agency, Equifax

EY

National fraud figures – the numbers….



By number of cases

	Fraud Type	No. of cases
1	Council Tax Frauds	57,136
2	Housing Frauds	5,939
3	Disabled Parking Concession	5,751
4	Business Rates	662
5	Adult Social Care	446
6	Insurance Claim	371
7	No Recourse to Public Funds	342
8	Mandate Fraud	325
9	Schools Frauds (excl. transport)	258
10	Payroll	248

By total value of fraud

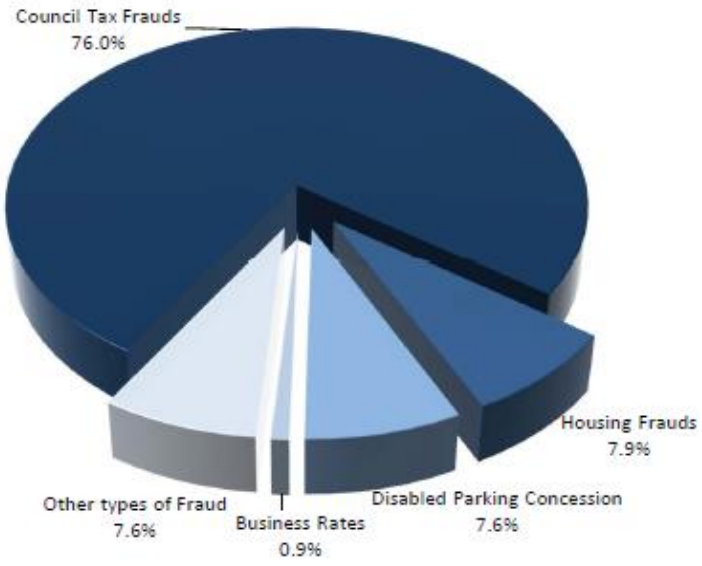
	Fraud Type	£Total value
1	Housing Frauds	£263,400,000
2	Council Tax Frauds	£25,500,000
3	Business Rates	£7,000,000
4	No Recourse to Public Funds	£6,900,000
5	Adult Social Care	£5,600,000
6	Insurance Claim	£5,100,000
7	Disabled Parking Concession	£4,300,000
8	Mandate Fraud	£1,700,000
9	Payroll	£1,000,000
10	Schools Frauds (excl. transport)	£500,000

By average case value

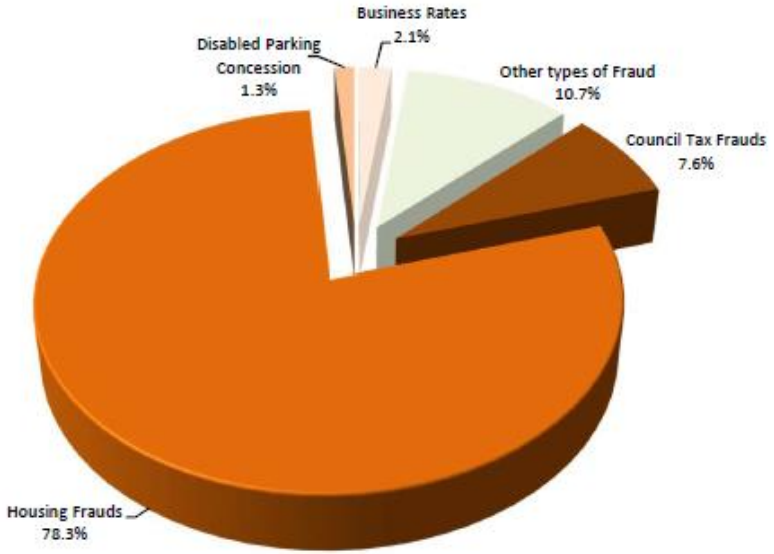
	Fraud Type	£case value
1	Housing Frauds	£44,300
2	No Recourse to Public Funds	£20,200
3	Insurance Claim	£13,800
4	Adult Social Care	£12,500
5	Business Rates	£10,600
6	Mandate Fraud	£5,200
7	Payroll	£4,100
8	Schools Frauds (excl. transport)	£2,000
9	Disabled Parking Concession	£800
10	Council Tax Frauds	£400

Comparison

By no. of cases



By value



Value for money?

No of cases	Total value	Average case value
Council Tax Frauds	Housing Frauds	Housing Frauds
Housing Frauds	Council Tax Frauds	No Recourse to Public Funds
Disabled Parking Concession	Business Rates	Insurance Claim
Business Rates	No Recourse to Public Funds	Adult Social Care
Adult Social Care	Adult Social Care	Business Rates
Insurance Claim	Insurance Claim	Mandate Fraud
No Recourse to Public Funds	Disabled Parking Concession	Payroll
Mandate Fraud	Mandate Fraud	Schools Frauds
Schools Frauds	Payroll	Disabled Parking Concession
Payroll	Schools Frauds	Council Tax Frauds

Value for money?

No of cases	Total value	Average case value
Council Tax Frauds	Housing Frauds	Housing Frauds
Housing Frauds	Council Tax Frauds	No Recourse to Public Funds
Disabled Parking Concession	Business Rates	Insurance Claim
Business Rates	No Recourse to Public Funds	Adult Social Care
Adult Social Care	Adult Social Care	Business Rates
Insurance Claim	Insurance Claim	Mandate Fraud
No Recourse to Public Funds	Disabled Parking Concession	Payroll
Mandate Fraud	Mandate Fraud	Schools Frauds
Schools Frauds	Payroll	Disabled Parking Concession
Payroll	Schools Frauds	Council Tax Frauds

Top 3 perceived highest fraud risk areas

UK (2017)	UK (2016)
1. Procurement	1. Council Tax
2. Adult Social Care	2. Procurement
3. Council Tax	3. Housing

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Sanctions & reporting

- 7.7% of cases reported are sanctioned
- 1.3% of cases reported are reported to Action Fraud

ActionFraud
Report Fraud & Internet Crime
actionfraud.police.uk

Cyber

- 26% were a victim of hacking or DDOS attack

Recommendations
Identify a lead champion of cybersecurity
To promote awareness, ask difficult questions and highlight parts of the organisation most at risk in terms of culture and practice
Commission external tests of your resilience to cyberattack
Train staff
Develop emergency response plan

"The local government sector needs persistence and determination to tackle cybercrime"
Robin Tuddenham, Director of communities & service support, Calderdale council and Deputy spokesperson for civil resilience and community safety, SOLACE

solace

Enhancing Counter Fraud Development

- Most significant issues:

1. Capacity
2. Effective fraud risk management
3. Better data sharing

"Rather than taking the approach of managing decline, councils have innovated, collaborated and prioritised in order to protect vital services."

Claire Kober

Chair Resources Portfolio Local Government Association

Leader Haringey Borough Council

Local Government Association

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National developments in counter fraud
&
Regional response to counter fraud

National developments in counter fraud

- Fighting Fraud and Corruption Locally
  - The local government counter fraud strategy
    - Refresh due in 2018
  - Strategic Board
    - Develop guidance for local government's counter fraud response
    - Engage with stakeholders to develop local government counter fraud activities
    - Promote awareness raising at senior level
  - Evaluation of Counter Fraud Fund projects
    - Identify best practice and most effective outcomes

National developments in counter fraud

- Local Government Counter Fraud Standards
  - Working Groups
  - Considering best practice / mandatory
  - Links to Code of Practice on Managing the Risk of Fraud and Corruption
- Statement on the Role of the Head of Counter Fraud
  - Raising the profile of the counter fraud profession
  - Acknowledgement that this may not be a dedicated position

Regional Response to Counter Fraud
2017/18 Agenda

- Regional Aim and Approach
- High Level Achievements
- 2017/18 Counter Fraud Sub Group Work Programme Status
- Workshop 1 Outcomes
- Developing the Regional Response

Regional Counter Fraud
Aim and Approach

- North West Heads of Audit Sub Group:
  - Risk Based Work Programme
  - Agreed and supported by HOA

- Collaboration:
  - With the Business
  - Across Sub Groups and HOA

- Task and Finish Approach

2017/18 Regional CF Work Programme

Greater Manchester and North West Counter Fraud Sub Group Mission Statement:

To develop practical solutions to mitigate current and emerging fraud risks in accordance with professional best practice and organisational need. Tea collaborate with regional colleagues, including other counter fraud groups and practitioners, in order to respond sector related change and challenges.

2017/18 Work Programme Objectives:

- **Reflect the emerging fraud risks/ approach set out in the CIPFA Fighting Fraud and Corruption Locally (FFCL) Strategy, with a rolling programme of outputs**
- **Focus on key emerging risk as part of a 2-3 year rolling work programme in line with CIPFA FFCL 2019 Vision**
- **Develop a counter fraud hub response to reflect local needs / develop regional collaboration, which leads to measureable benefits / real money ou**
- **Support national and professional best practice development**

Agreed Delivery Methods:

- **The group will deliver its workflows in a cost effective way with minimum meetings by utilising alternative methods of working.**
- **All meetings will be in the form of topical workshops with defined outcomes for participants to share with their organisations, using a template do ensure consistency**
- **Workshops / conference calls will be chaired by a suitable member of the Chief Audit Executives' Group (CAEG) or nominated representative.**
- **Workshops to be held in AGMA locations to maximise attendance.**
- **Actions arising to be agreed with the participants and captured by the Chair, who will ensure there is effective communication to the CAEG.**

Output Objectives:

- **Practical solutions for authorities to respond to fraud risks.**
- **Methods to share data, information and lessons learned and awareness of key contacts, a pooled regional resource of expertise in anti-fraud work**
- **Improved and consistent awareness of fraud-related risks, national standards and initiatives**
- **Improved techniques in counter fraud work**
- **Enhanced assurances for participating authorities**

Output is a Regional Counter Fraud Hub Response to Risks /Fraud Types

Regional Response to Counter Fraud
2017/18 Sub Group Programme Status

Ref	Fraud Risk/Task	Task Methodology	Task Finish Date
1	**Business Rate and Council Tax Fraud, CTR and SPD investigations**	Workshop	**30th August 2017**
2	**Local Government Counter Fraud Standards: Supporting the Work Programme**	• Desk based research • Workshops for detail/clarity • Follow up review of proposals	**CIPFA/LGA timelines**
3	**IT related and Cyber Fraud Risks**	Workshop – collaborate with Salford	**Autumn 2017**
4	**Transparency Agenda**	Remote discussion to share experiences and potential for a formal response. Output – Draft Report for review.	**November 2017**
5	**Sanctions Procedures**	Tele-conference using a pre-prepared Draft Report /discuss via Egress	**January 2018**
6	**Insurance Fraud**	Workshop	**February 2018**

Regional Response to Counter Fraud
2017/18 High Level Achievements

- Work Programme:
  - On target for completion
  - Good participation and regional collaboration
- Counter Fraud Regional Contacts:
  - Lead regional contacts for key business risks/areas
  - Central repository (Egress)
- Task 1 Workshop held on 9th August 2017
- Focus on Business Rates

Regional Response to Counter Fraud
Workshop 1: High Level Achievements

- Effective Joint Working Oldham, Stockport & Salford
- Good turnout, participation & feedback
- Led to action at Oldham and elsewhere
- Lively Group discussions, supported by Practitioners
- Sound Case Studies from the Region
- Data Sharing Pilot
- Further work planned

Regional Response to Counter Fraud
Workshop 1 – Regional Response

- Data Analysis:
  - Focus on Business Rates – good VFM?:
    - 70.0% concluded where discount corrected
    - £545,278 overpayments generated by CF/IA Investigations
    - 81% (£439,278) comprised 1 x LA pursuit of a specific case
- Exercises to minimise Business Rates misuse vary
- Proactive Approach seems to lead to results:
    - conduct targeted intermittent occupation visits
    - review monthly full list to ensure relief are correct
    - proactively review 6 week occupational cases, visit where necessary
    - review SBRR list, ensure relief granted is appropriate per occupation
    - checks for Charitable Relief & Charity Numbers

Regional Response to Counter Fraud

CIPFA "Strategic Response"

- 3 Principles:
  - **Acknowledge**: acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.
  - **Prevent**: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
  - **Pursue**: punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response

Regional Response to Counter Fraud
"Acknowledge"

- BR Data Review, including evaluation of empty rates, charitable relief and SBRR
- Potential capacity issues assisted by joint working with the business
- Fraud risk assessment to identify high risk areas and focus resources on these areas.
- Acknowledge the risk by creating a Counter Fraud Team, consisting of suitably qualified and experienced Counter Fraud staff, e.g. PINS qualified
- Constitution to set out clear responsibilities for key documents and for fraud awareness
- Senior Management Team to ensure that all staff within their respective services are aware of and comply with the Anti- Fraud, Bribery and Corruption Strategies
- Fraud, Bribery & Corruption Response Plan/Procedures, Whistle Blowing Policy available to all
- Contractors/third parties informed about the policies and procedures
- Members and employees are aware of need to disclosure of gifts, hospitality, business, conflicts of interest and organisational response is clear
- Fraud risks included in Corporate Risk Register

Regional Response to Counter Fraud "Prevent"

- Effective use of data matching and sharing; e.g. IDEA for the region?
- Interrogation packages to identify potential irregularities; e.g. duplicate payments Participates in the NFI data matching exercise
- Extract and review monthly business rate liability report in order to determine risks
- Develop audit/control reports following investigations
- Incorporate fraud risks and controls when completing reviews
- Constitution to promote an anti-fraud culture by:
  - publicising anti-fraud issues, led and supported by senior managers
  - managers responsible for promoting anti-fraud culture within their service area
  - adopt a zero tolerance approach to fraud, bribery and corruption
- Incorporate appropriate anti-corruption/bribery clauses in contracts
- Employees to be informed and trained on policies and procedures for their role
- Recruitment vetting to establish the previous record of potential employees
- Annual fraud awareness campaign and effective publicity

Regional Response to Counter Fraud "Pursue"

- BR cases can take time via courts:
- Resources assigned by developing a risk based approach to business rates data
- Facilitates targeting avoidance schemes that will yield a return
- Effective collaboration, including:
- Partner with others to prevent and detect fraud; e.g. data sharing, NFI
- Collaborate with regional colleagues, DWP
- Effective, professional relationship with the Police to collaborate on cases
- Joint working with in-house colleagues; e.g. Legal Services, Trading Standards
- Determine appropriate action against fraudsters; e.g. prosecutions and recoveries loses
- Balance all potential risks; e.g. reputational
- Continuously develop the CF Team's knowledge and skills in respect of legislation/intelligence gathering; via learning/research
- Consider professional qualifications; e.g. Accredited Counter Fraud Specialist status

Regional Response to Counter Fraud
Regional Response: Next Steps

- Continuously Review 2017/18 Work Programme
- Collaboration is key
- Outcome Based Regional Outcomes
- Align to Regional Training Requirements:
  - CIPFA NW Risk & Governance Group
- Develop 2018/19 Work Programme
- Feedback to NW CAE
- Thank you for your Support

Fraud risks and business rates

Local authorities should be identifying and assessing all significant fraud risks and deciding on the most effective use of their resources

Post-SFIS opportunity to move beyond CTS / SPD focus and look at a corporate approach to counter fraud work – work more closely with internal and external partners

Why look at business rates?

- Business rates consistently seen as a “top five” fraud risk
- Business rates retention increases the incentive to identify fraud, avoidance and error
- Most LA / counter fraud staff lack experience in this area
- Most LAs have seen reductions in Visiting Officer resources
- Not an area where data analysis has been widely used
- Scope to do both internal and external data matching

London Counter Fraud Hub - CIPFA

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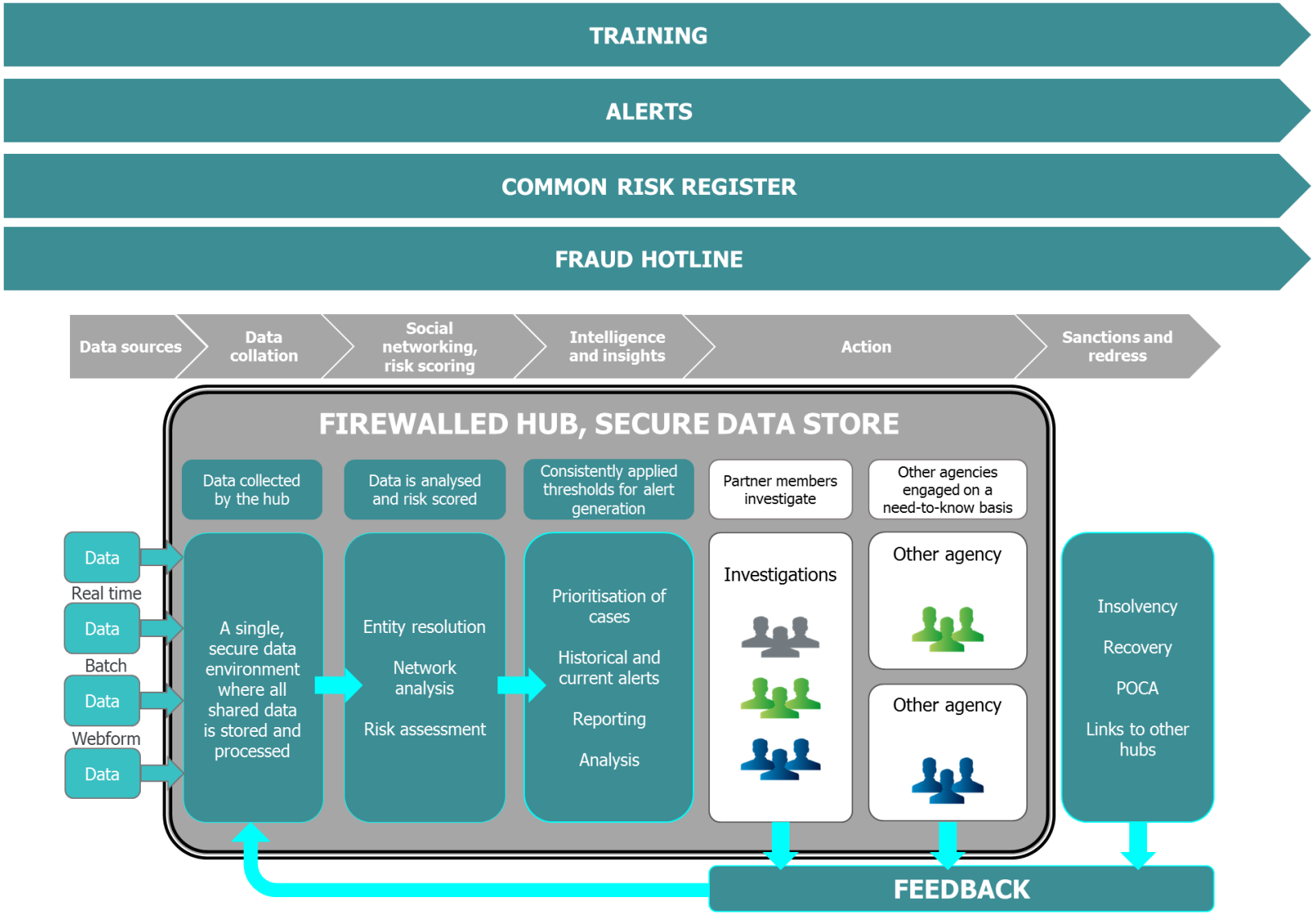

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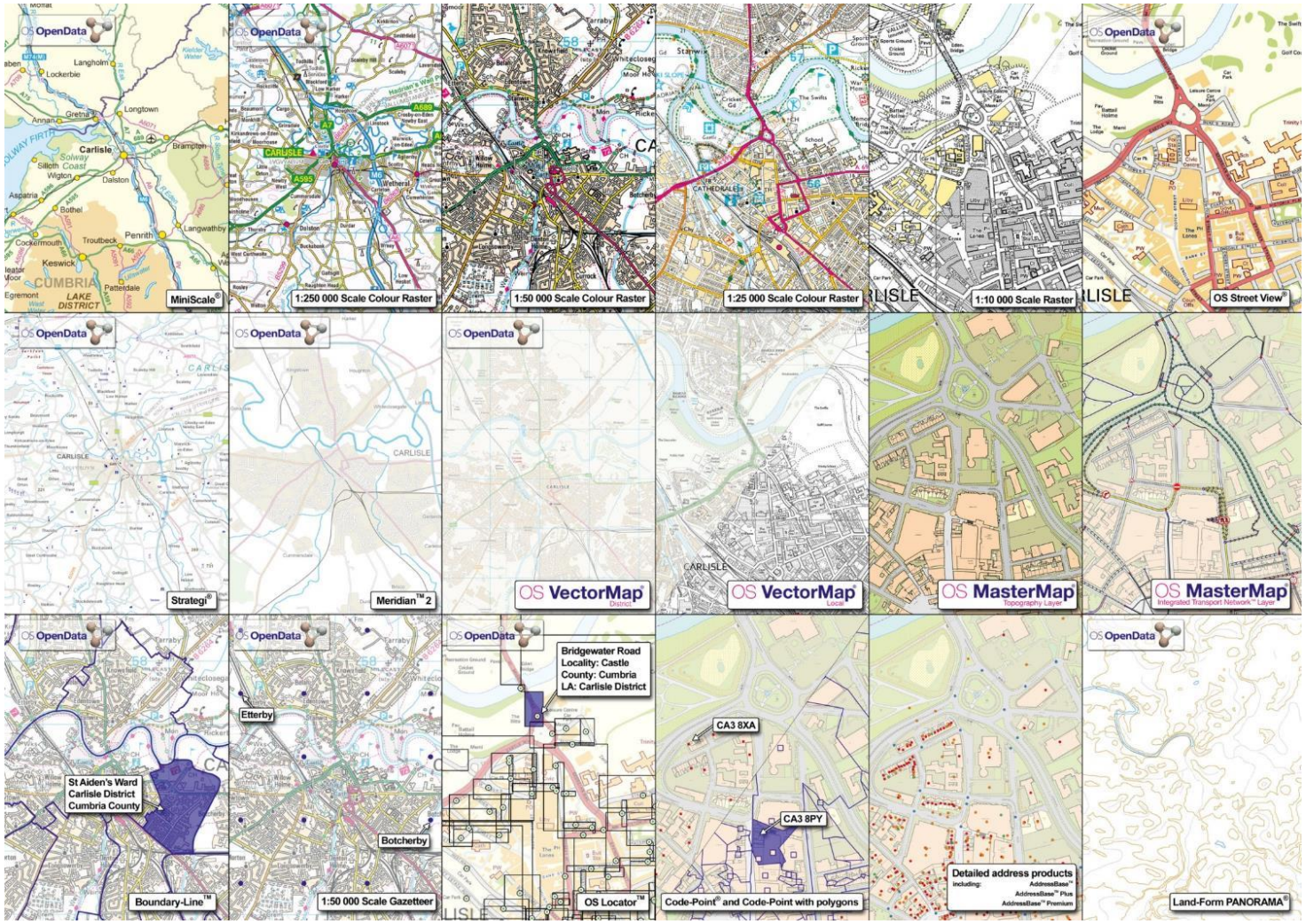
Fraud and error – making a case for place

BROOMER STREET
DEARNLEY STREET
43.19m
42.5m
Ali Downs
10 Broomer Street
Dewsbury
WF11 4SE
Sam Shields
7 Dearnley Street
Ravensthorpe
WF11 3NT


OS OpenData
MiniScale®
1:250 000 Scale Colour Raster
1:50 000 Scale Colour Raster
1:25 000 Scale Colour Raster
1:10 000 Scale Raster
OS Street View®
Strategi®
Meridian™ 2
OS VectorMap® District
OS VectorMap® Local
OS MasterMap® Topography Layer
OS MasterMap® Integrated Transport Network™ Layer
St Aiden's Ward
Carlisle District
Cumbria County
Boundary-Line™
Etterby
Botcherby
1:50 000 Scale Gazetteer
Bridgewater Road
Locality: Castle
County: Cumbria
LA: Carlisle District
OS Locator™
CA3 8XA
CA3 8PY
Code-Point® and Code-Point with polygons
Detailed address products
including:
AddressBase™
AddressBase™ Plus
AddressBase™ Premium
Land-Form PANORAMA®

Microsoft Excel - bankuk.DBF

File Edit View Insert Format Tools Data Window Help

Arial 11 100%

A1 Branch

	A	B	C	D	E	F
1	Branch	95 Rev	Employees	Productivity	96 Target	Address
2	Reading	£ 20,250	45	450	£ 22,275	King St
3	Ascot	£ 8,800	11	800	£ 9,680	19 High Street
4	Sunningdale	£ 9,000	12	750	£ 9,900	Station Parade Lo
5	Bracknell	£ 17,500	25	700	£ 19,250	1 High St
6	Gerrards Cross	£ 1,800	6	300	£ 1,980	Chiltern House, 12
7	Henley	£ 18,400	23	800	£ 20,240	10 Hart St
8	Hungerford	£ 5,640	12	470	£ 6,204	30 High Street
9	Marlow	£ 16,790	23	730	£ 18,469	10 High Street
10	Newbury	£ 5,940	18	330	£ 6,534	6 Market Place
11	Pangbourne	£ 5,160	12	430	£ 5,676	12 Reading Rd
12	Reading	£ 16,380	42	390	£ 18,018	273 Basingstoke R
13	Caversham	£ 5,280	11	480	£ 5,808	2-4 Church Road
14	Woodley	£ 2,700	6	450	£ 2,970	184 Crockhamwel

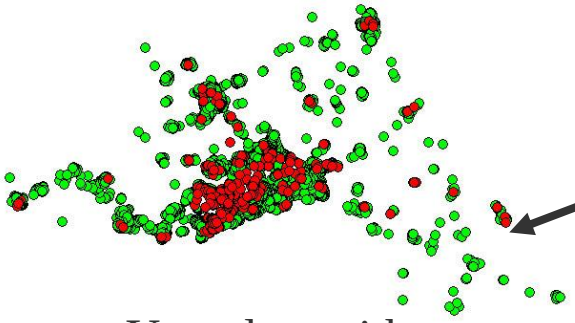
bankuk

Business Rates Information

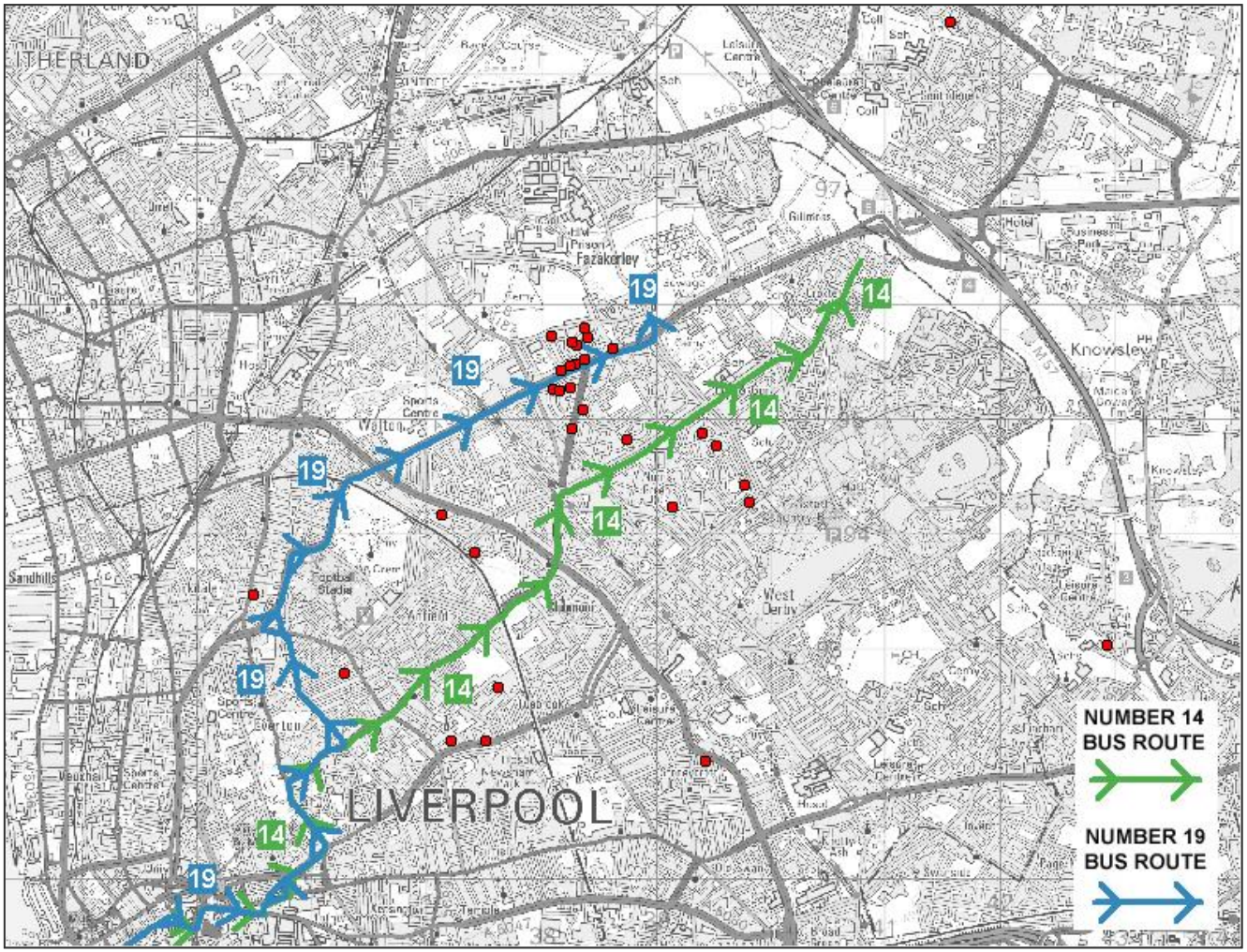
+

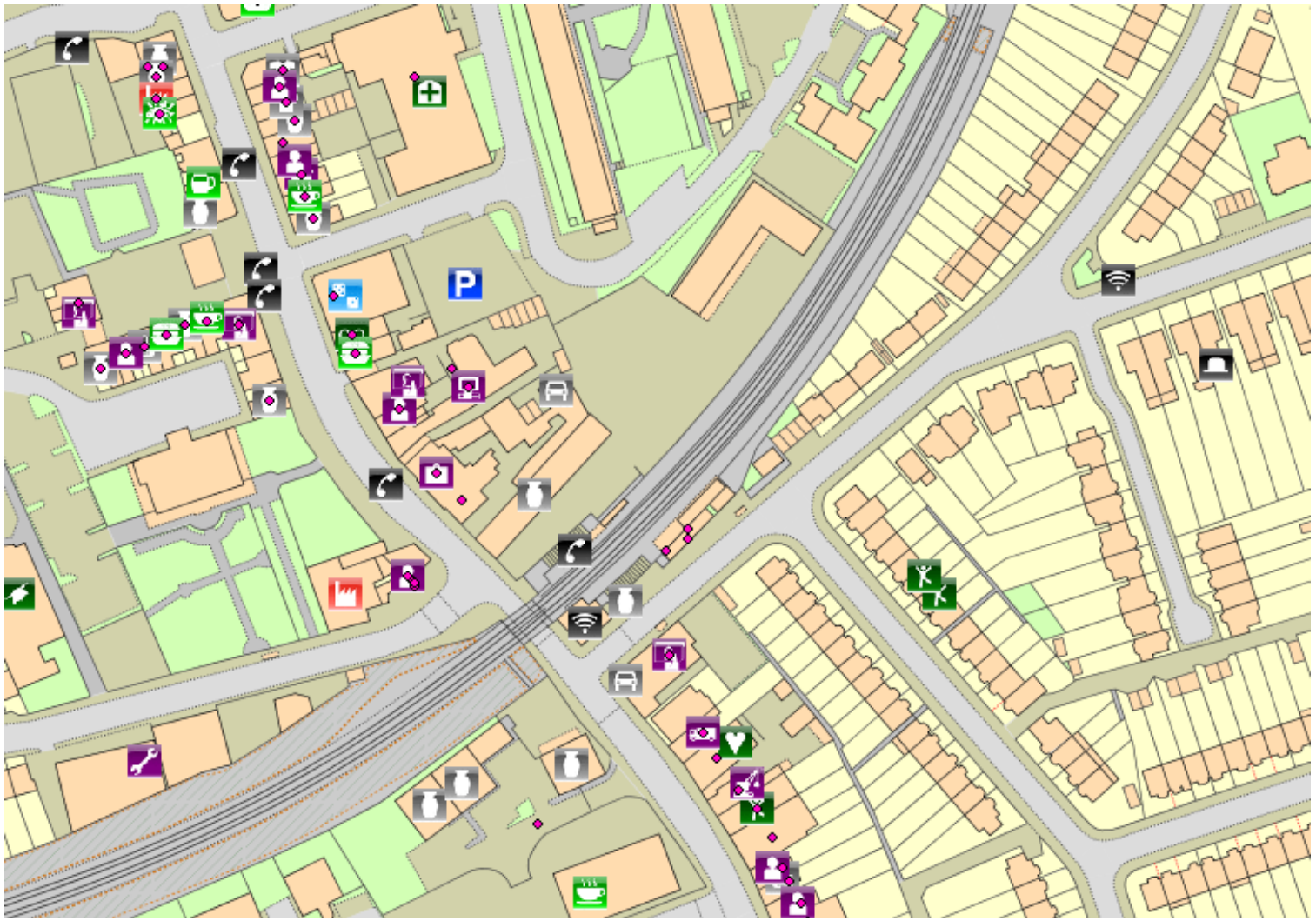
AddressBase Premium

OS_BS_PAOH	OS_BS_STRE	OS_BS_LOCA	OS_BS_TOW	OS_BS_LA	OS_BS_PC
CARLISLE RADIO LTD	JUNCTION STREET	DENTON HOLME	CARLISLE	CARLISLE DISTRICT (B)	CA1 3NG
32	LEYWELL DRIVE	HARRABY		CARLISLE DISTRICT (B)	CA1 3TN
34	LEYWELL DRIVE	HARRABY		CARLISLE DISTRICT (B)	CA1 3TN
36	WELLSIDE WALK	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TN
38	WELLSIDE WALK	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TN
13	UNNAMED ROAD	ST. AIDANS	CARLISLE	CARLISLE DISTRICT (B)	CA1 2JP
SUBSCRIPTION BOWLING CLUB	UNNAMED ROAD	CASTLE	CARLISLE	CARLISLE DISTRICT (B)	CA1 2AA
THORNCLIFFE	CHERTSEY MOUNT	HARRABY	CARLISLE	CARLISLE DISTRICT (B)	CA1 2PH
38A	VICTORIA ROAD	BOTCHERBY	CARLISLE	CARLISLE DISTRICT (B)	CA1 2SJ
138A	KING STREET	CURROCK	CARLISLE	CARLISLE DISTRICT (B)	CA1 1SH
SENATOR HOMES LTD	JUNCTION STREET	DENTON HOLME	CARLISLE	CARLISLE DISTRICT (B)	CA1 2GP
39	HOLYWELL CRESCENT	BOTCHERBY	CARLISLE	CARLISLE DISTRICT (B)	CA1 2TD
57	HOLYWELL CRESCENT	BOTCHERBY	CARLISLE	CARLISLE DISTRICT (B)	CA1 2TD
61	HOLYWELL CRESCENT	BOTCHERBY	CARLISLE	CARLISLE DISTRICT (B)	CA1 2TD
52	VALLEY DRIVE	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TR
54	VALLEY DRIVE	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TR
56	VALLEY DRIVE	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TR
50	VALLEY DRIVE	ST. CUTHBERT WITHOUT		CARLISLE DISTRICT (B)	CA1 3TR
3	UNNAMED ROAD	ST. AIDANS	CARLISLE	CARLISLE DISTRICT (B)	CA1 2JA
OPERATION MOBILISATION	JUNCTION STREET	DENTON HOLME	CARLISLE	CARLISLE DISTRICT (B)	CA1 1HG



Your data with a geographic context (geocoded)


ITHERLAND
Fazakerley
Knowsley
Walton
Sandhills
West Derby
LIVERPOOL
19
14
NUMBER 14 BUS ROUTE
NUMBER 19 BUS ROUTE



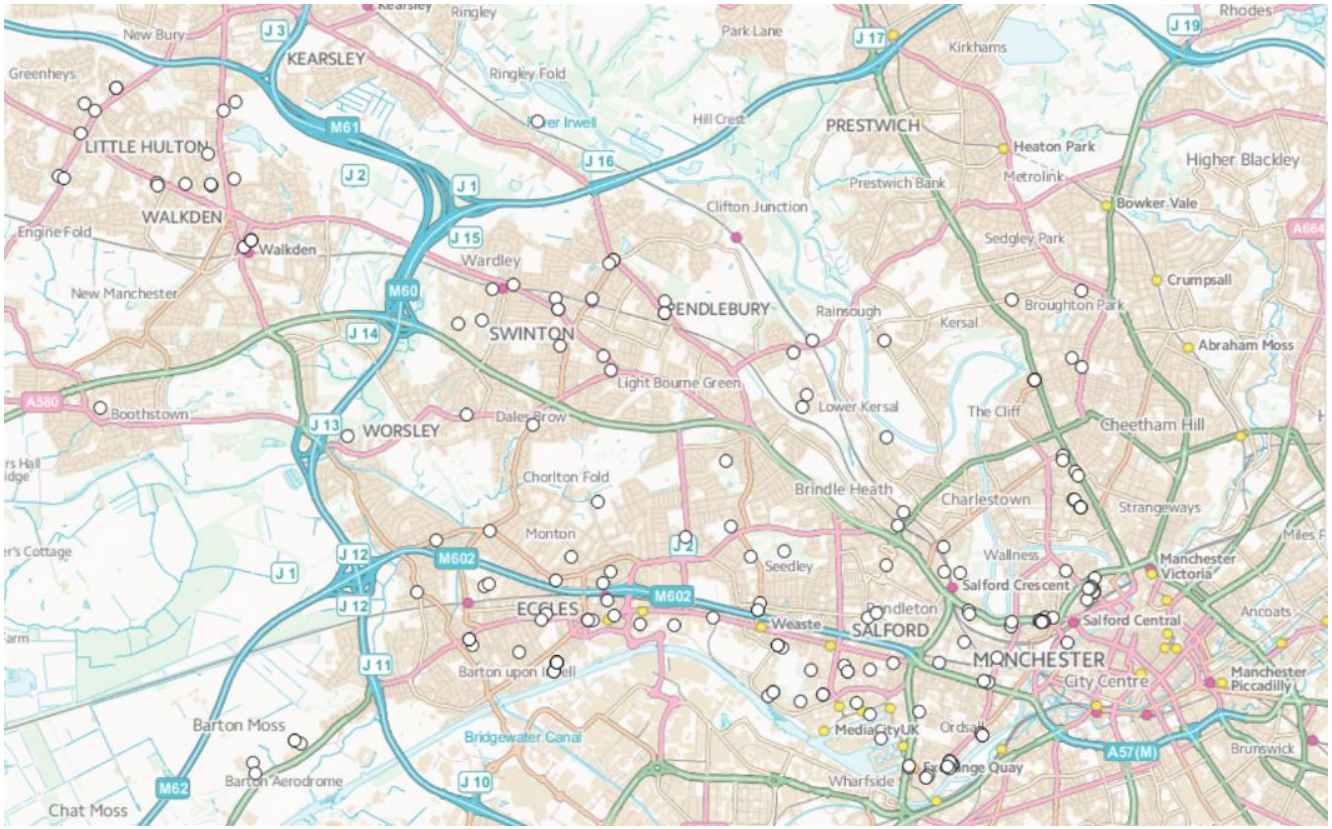
GeoPlace

Experts in address and street information

We work internationally as well as in the UK

Help our partners and customers maximise the value of their spatial information

Salford outputs



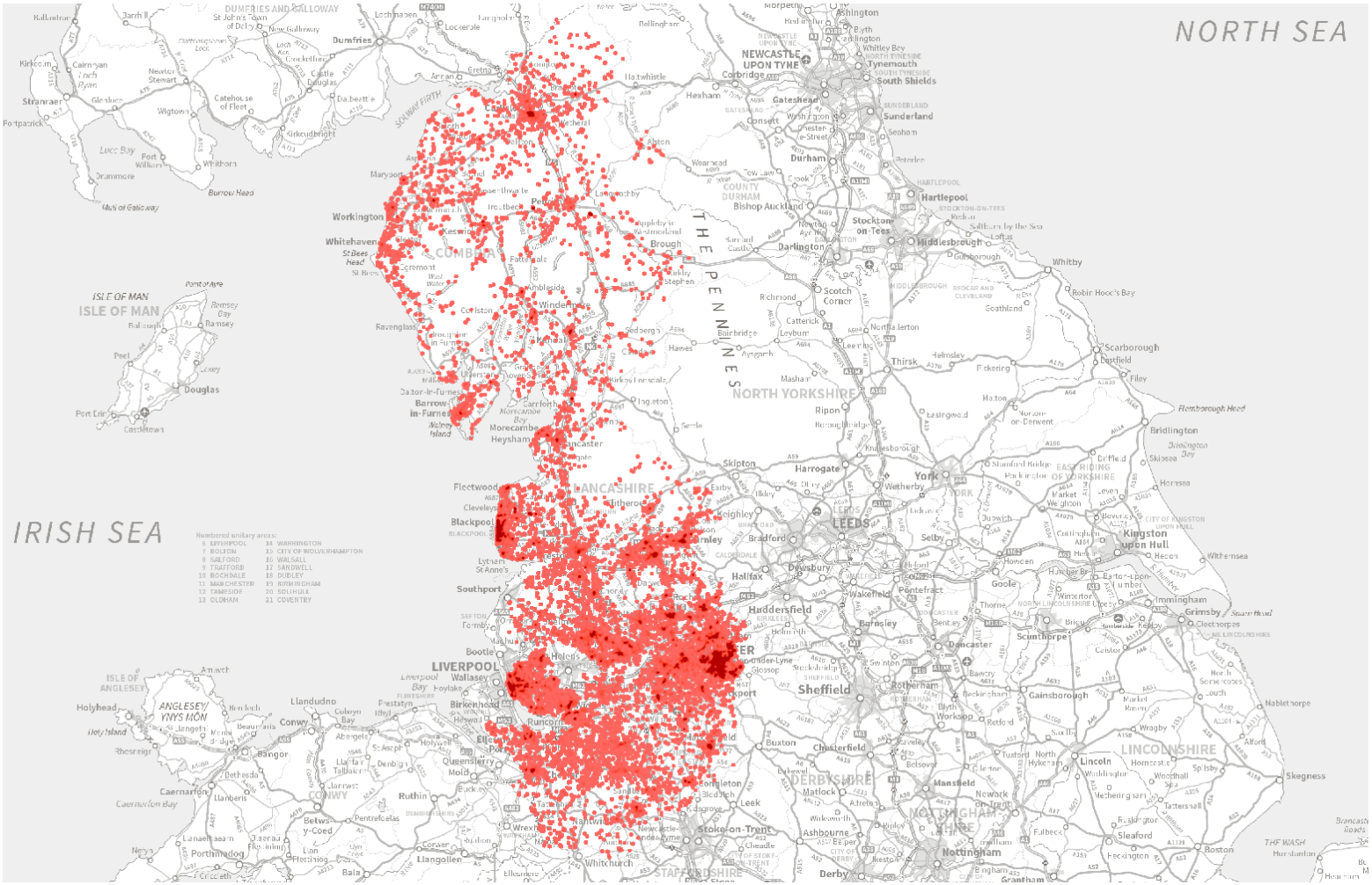
NW Region

We have identified over

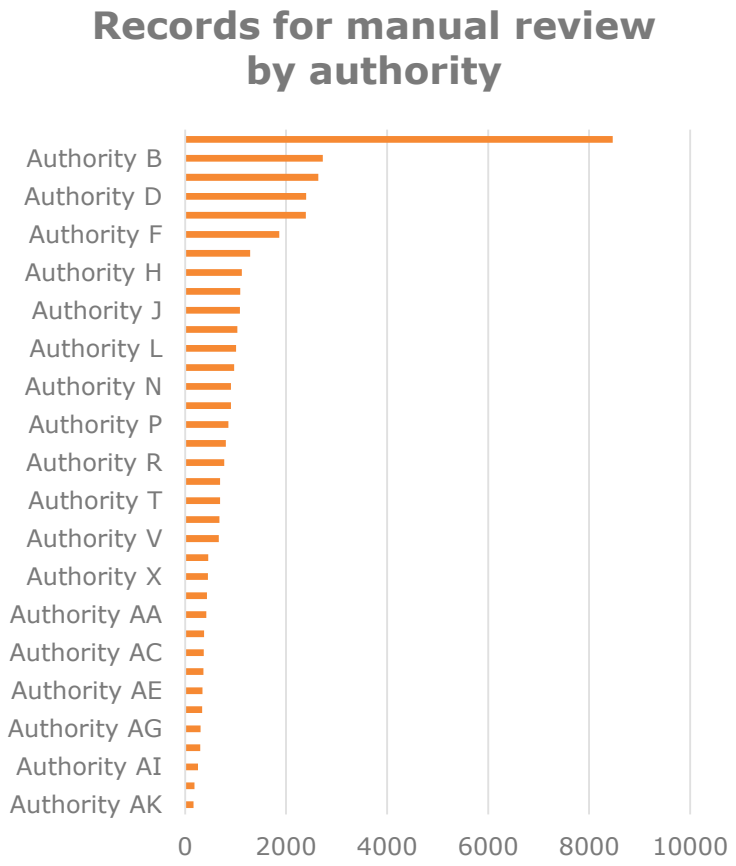
39,000

properties in the North West which we would manually review as part of the service

NW Region heat map



North West region by authority



The **minimum** is

166

The **maximum** is

8,465

The **median** is

692

Key points

1. Innovation is as important in fighting fraud as any area of council activity to keep ahead of fraudsters

2. Detecting the undetected & high value frauds demonstrates value for money.

3. Fraud knows no boundary: collaborate and share through Hubs.

Please contact

Arjun Medhi
Technical & Development Manager
CIPFA

Arjun.Medhi@cipfa.org
020 7543 5804
@ArjunCIPFA

Jane Whyatt
Audit &Counter Fraud Manager
Oldham Council

jane.whyatt@oldham.gov.uk
0161 770 4773

Simon Bleckly
Audit Manager
Warrington Borough Council

sbleckly@warrington.gov.uk
01925 442217