



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>Audit and General Purposes Committee: Thursday 24 June 2021</b>
Report Number	<b>Agenda Item No. 8</b>
Subject	<b>Counter Fraud Unit Report and Proceeds of Crime and Laundering Policy</b> <b>Anti-Money</b>
Wards affected	All indirectly
Accountable member	Councillor Suzi Coul, Cabinet Member for Finance Email: <a href="mailto:Suzi.Coul@westoxon.gov.uk">Suzi.Coul@westoxon.gov.uk</a>
Accountable officer	Emma Cathcart, Counter Fraud Unit Manager Email: <a href="mailto:Emma.Cathcart@cotswold.gov.uk">Emma.Cathcart@cotswold.gov.uk</a>
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>The report outlines the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.</p> <p>The report also provides the Committee with an updated Proceeds of Crime and Anti-Money Laundering Policy, which sets out the Council's legislative obligations, for approval and adoption.</p>
Annexes	Annex A – Work Plan 2020/2021 Annex B – Proceeds of Crime and Anti-Money Laundering Policy
Recommendation	<ol style="list-style-type: none"><li>1. That the Committee notes the report and work plan at Annex A.</li><li>2. That the Committee approves and adopts the Proceeds of Crime and Anti-Money Laundering Policy at Annex B.</li><li>3. That the Committee authorises the Deputy Chief Executive (Chief Finance Officer) to approve future minor amendments to the Policy in consultation with Finance, Legal Services and the Counter Fraud Unit.</li></ol>
Corporate priorities	In administering its responsibilities the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.

	The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.
Key Decision	No
Exempt	No
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive.  Any Policies drafted or revised by the CFU have been reviewed by Legal Services and have been issued to the Governance Group and Joint Management Team for comment.

## 1. BACKGROUND

- 1.1. The Audit and General Purposes Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2. Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit and General Purposes Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.3. Attached at Annex A is a copy of the work plan for 2020/2021.

## 2. MAIN POINTS

- 2.1. **Counter Fraud Unit Update.**
- 2.2. The Counter Fraud Unit (CFU) has been supporting work streams created as a consequence of the Covid-19 pandemic by providing advice relating to fraud risk and abuse, most significantly in relation to the Business Grant Schemes. The CFU has assisted with the application and verification processes of all schemes and, to date, the team has received 100 cases to review. A number of these cases were confirmed as eligible and the grant awarded but the following relates to cases of fraud, error or ineligibility:
  - 29 cases of loss prevention, in that the grant monies were not paid (8 classed as fraudulent attempts). Figures relating to the original Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund, total £50,000.
  - 15 cases of post payment recovery totalling £153,000. Invoices have been raised and £110,000 has been recovered to date. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments / incorrect awards have been made.
  - 16 cases are still under review or have been referred back to the team with recommendations for service area decisions.
  - The CFU is working with SWAP (Internal Audit) in relation to post payment activities for each scheme and has responsibility for the Fraud Risk Assessment returns to BEIS. A comprehensive template has been provided to ensure a consistent approach to fraud risk assessment in this area and requires details relating to how these are mitigated and managed.
- 2.3. All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by

the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- 2.4. Matches have now been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes. This is in addition to the matches relating to Council Tax and the Council Tax Reduction Scheme which the Council receive, and the CFU review, each year. The team reviewed 863 single person discount matches in 2020/2021. Of these matches 59 anomalies were referred. So far, 11 Council Tax accounts have been amended generating £3,278 increased Council Tax revenue and 1 Civil Penalty, totalling £70, has been applied.
- 2.5. All staff were required to complete online mandatory fraud awareness training.
- 2.6. A number of cases involving serious offences against animals continues to be submitted from the RSPCA's Inspectorate and this is expected to increase as the financial and psychological consequences of the pandemic continue to impact on people's ability to look after their animals. The CFU is actively collaborating with the RSPCA proposing better working relationships with the Partner Councils, to include new data sharing agreements, as the number of referrals increase.
- 2.7. As previously reported, a review of 470 Licensed Premises, as held by the Licensing Team, was compared to the information held on the invoicing system to ensure the correct liable party was being charged. In addition, the rateable value of the premises was also verified to confirm that the correct License charge was being applied. The review resulted in 146 amendments and £9,330 increased Licensing revenue.
- 2.8. In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.
- 2.9. Below is a summary of 2020/2021 investigation and enforcement work:
  - The team received 14 referrals from across the Council and closed 11 cases.
  - The team undertakes disciplinary investigations for Publica across the partnership. 2 cases were referred and 3 cases were closed. The closed cases resulted in 2 resignations; 1 prior to a disciplinary hearing and 1 during the investigation. The other case resulted in management action only.
  - The team supports Enforcement Teams across the Council. Two Fixed Penalty Notices, totalling £400, have also been issued in relation to fly-tipping offences.
- 2.10. **Regulation of Investigatory Powers Act 2000 / Investigatory Powers Act 2016 Policies**
- 2.11. The Council's Policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.
- 2.12. The Policies were reviewed and presented to the Audit Committee in November 2019. These were adopted by Cabinet in December 2019.
- 2.13. The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, Giles Hughes and the Authorising Officers are the Deputy Chief Executive, Elizabeth Griffiths and the Interim Head of Legal Services, Susan Gargett.

- 2.14. All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Counter Fraud Unit Manager and the Deputy Counter Fraud Unit Manager.
- 2.15. There have been no RIPA applications and no Non-RIPA applications made by the Council during 2020/2021. The Council made no applications for communications data during 2020/2021.
- 2.16. The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.
- 2.17. The Policy relating to the use of the internet and social media in enforcement and investigations has been reviewed by Governance Group and is to be presented to Corporate Management for final approval. It will then be presented to Audit and General Purposes Committee.
- 2.18. **Proceeds of Crime and Anti-Money Laundering Policy**
- 2.19. The Policy, at Annex B, defines a best practice approach to dealing with money laundering obligations and suspicious activity reports.
- 2.20. Proceeds of Crime and Money Laundering legislation govern the responsibilities of individuals and organisations.
- 2.21. The Policy and the related Officers Procedural Guidance addresses the way in which the Council, its employees and its Members can formally discharge these obligations.
- 2.22. The nominated Money Laundering Reporting Officer is the Officer appointed under section 151 of the Local Government Act 1972. In the case of the Council, this is the Deputy Chief Executive.

### **3. FINANCIAL IMPLICATIONS**

- 3.1. The report details financial savings generated by the Counter Fraud Unit.

### **4. LEGAL IMPLICATIONS**

- 4.1. In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.
- 4.2. The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 'RIPA' 2000, the Investigatory Powers Act 2016 and any other relevant legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be authorised by the appropriate Officer and recorded in the Central Register.
- 4.3. The Council has a statutory obligation for enforcing a wide range of legislation, where it is necessary and proportionate to do so. Human Rights implications are a consideration of this type of activity and this is included within the Policies.
- 4.4. The Proceeds of Crime and Anti-Money Laundering Policy sets out the legislative obligations to which the Council must adhere. Whilst the risk to the Council of contravening the law is low, it is important that all employees are familiar with their duties and responsibilities.

### **5. RISK ASSESSMENT**

- 5.1. The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit provides assurance in this area.
- 5.2. Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 5.3. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.
- 5.4. The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data.
- 5.5. The Proceeds of Crime and Anti-Money Laundering Policy mitigates the risk that the Council will fail to fulfil its legal obligations.

## **6. EQUALITIES IMPACT**

- 6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.
- 6.2. The application of the RIPA and IPA Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's Human Rights will be breached. Furthermore it protects the Council from allegations of the same.

## **7. ALTERNATIVE OPTIONS**

- 7.1. This Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.
- 7.2. The Service is a shared one across the County and, as such, overheads and management costs are also shared equally meaning there is increased value for money.

## **8. BACKGROUND PAPERS**

- 8.1. None.

## Annex A: West Oxfordshire District Council Work Plan 2020/2021

Department / Contact	Task	Dates / Notes
Corporate / Strategy	Delivery of two reports for Audit and General Purposes Committee	April (cancelled) & November
Corporate / Strategy	RIPA Coordinator Role - Review of Policies / annual report to Members / advisory role for staff / IPCO liaison	Annual update - November IPCO Inspection complete and report issued Draft Internet and Social Media Investigations Policy and Procedure to Governance Group for consideration
Corporate / Strategy	Home Office Serious and Organised Crime Checklist and accompanying work plan	Commenced / Ongoing
Corporate / Strategy	Home Office Bribery and Corruption Assessment Template and accompanying work plan	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development / Review of Fraud Response Plan	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development of Service Specific Fraud Risk Register	To be transferred to 2021/2022 work plan
Corporate / Strategy	Development of Fraud awareness literature for staff and members	Completed - JMT approval pending
Corporate / Strategy	Development of RTB / debt recovery process	Complete / training to be provided to staff
Corporate / Strategy	Staff and Members Fraud Awareness Sessions	Online provision – Staff February / March
Corporate / Strategy	Collation and Publication of Fraud Transparency Data	Published June
Procurement	Assist with review of Procurement and Contract Strategy	Complete / training to be provided to staff
Procurement	Supplier payment review	
SWAP	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest	Draft issued to Governance Group for consideration
SWAP	Review of the Gifts and Hospitality Policy and Procedure	Final version presented for approval October 2020. JMT to be updated / staff cascade to be completed
HR	Review of HR Recruitment and Vetting Policy and Procedures	Complete / training to be provided to staff
Policy	Review Whistle-Blowing Policy	Complete / training to be provided to staff
Policy	Drafting / consultation / adoption of Money Laundering Policy	Draft agreed – to be presented to Audit and General Purposes Committee for adoption
Revenues and Housing	National Fraud Initiative Match Review	Commenced
Revenues and Housing	Business Grants Post Payment Assurance	Commenced
Revenues and Housing	Test and Trace Post Payment Assurance	Commenced
Revenues and Housing	Review of the Housing List	To be completed as part of 2021/2022 work plan
ERS	Licensing / Invoice Review	470 licenses reviewed / 146 amendments / £9,330 increased revenue