



**Counter Fraud Team**

**BUSINESS PLAN**  
**&**  
**OPERATIONAL TARGETS**

**2010 / 2011**

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V1	Created April 2010		AMC

**West Lothian Council**  
Finance Service  
Revenues Unit

## Introduction

This plan sets out West Lothian Councils Counter Fraud Team's aims and objectives for 2010/2011 and reviews our performance in 2009/10. The plan also supports West Lothian Councils Anti Fraud & Corruption policy, Benefit Fraud Strategy, Prosecution & Sanction Policy and the Finance Management Plan.

The Counter-fraud Business Plan is our framework for delivering a quality service to the council, the public and to our stakeholders.

The purpose of this business plan is to define the Counter Fraud Team's goals in terms of performance management and key performance indicators. In addition it details how we will deliver a professional service to the residents of West Lothian.

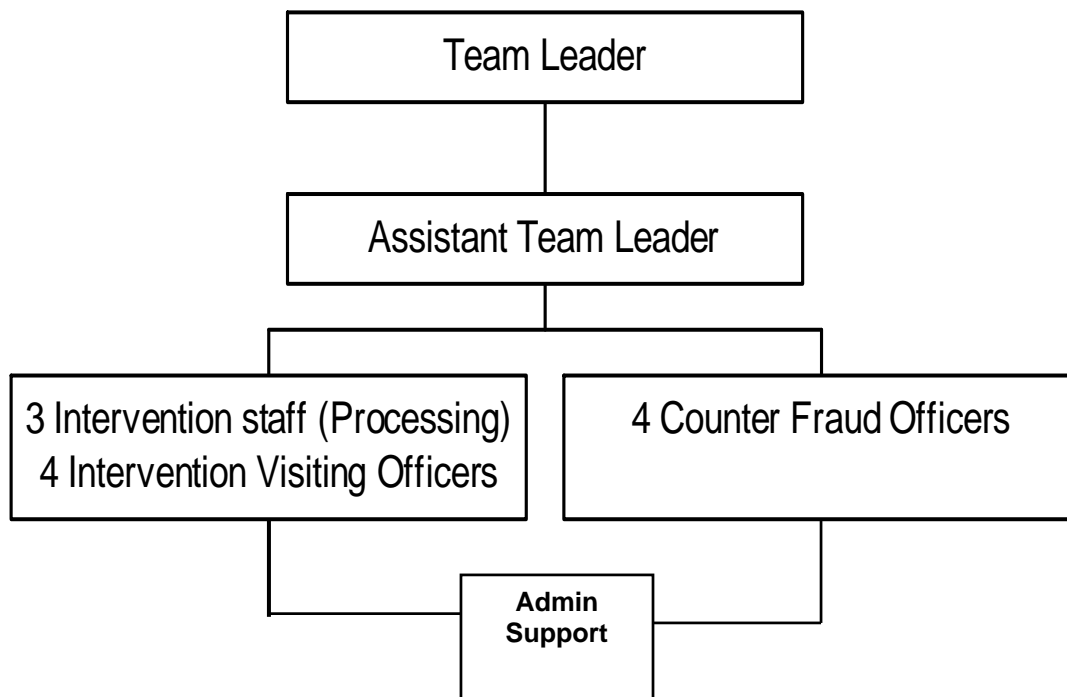
## Our organisation

### Who we are

We are part of the Revenues Unit, managed by the Revenue and Benefits Manager. The Revenues unit also includes;

- Administration of Housing & Council Tax Benefit
- Council Tax & Non Domestic Rates
- Customer Services
- Business Support/Business Control
- Rent Accounting
- Income Management

### Fraud & Intervention team structure



## *Our aim*

Our aim is to:

*Systematically root out and deter benefit fraud and to protect and secure the benefits gateway through high quality fraud investigations and using all legal sanctions available while ensuring that suspects are treated fairly and without discrimination.*

The overall aim of the Counter-fraud Team is to provide high quality investigative work when and where it is needed and those involved are committed to ensuring that the Council's resources are used appropriately and efficiently.

The council is determined to combat benefit fraud wherever it arises and, in this way, ensure as far as possible that benefit funding is used for legitimate claimants.

In order to deliver a high quality benefit service and to protect public funds the council has in place a robust set of aims designed to counter benefit fraud;

- to continue to provide a responsive, efficient and effective service
- to continually progress our counter-fraud services keeping in step with advances in investigatory work and information technology
- to have appropriate policies in place to steer our counter-fraud service
- to work closely with internal and external auditing bodies to improve our service
- to implement best practice
- to work jointly with our Jobcentre Plus Counterparts
- to provide annual fraud awareness training to the relevant staff
- to reduce benefit fraud to an absolute minimum through employing all avenues open to the council
- prevent fraud from entering the system
- detect any existing fraud and take appropriate action
- deter fraud from entering our benefit administration
- where fraud has been proven, take appropriate sanction & recovery action
- to commit to government initiatives such as the National Fraud Initiative, HBMS and Do Not Redirect schemes

## **Measuring and reporting our performance**

All our counter-fraud work is maintained in auditable form to ensure that our work is open to scrutiny by all parties that are working with us to make a real difference in the level of fraud in the system.

We improved our reporting process by developing a management reporting framework to measure and compare our performance against the targets that have been set and detailed in this business plan.

Our fraud case management system is sufficient in producing the necessary statistical data to allow improved reporting.

Our performance is monitored regularly and this will ensure effectiveness and accuracy of this plan against our targets. Remedial action will be taken if any unforeseen problems arise and the necessary corrective action will be implemented.

## **Internal monthly reporting**

Specifically the internal monthly report will gather:

- number of referrals received by source and % accepted for investigation
- number of referrals received by type and % accepted for investigation
- number of referrals overloaded and rejected
- number of referrals accepted
- number of referrals where fraud is proven
- average time taken to sift referrals
- average time taken to commence investigation
- average time take to conclude Investigations
- number of successful sanctions.

By collecting and analysing this management information the council will be in a more informed position to:

- monitor workflow over time and identify trends in the types of fraud being identified
- monitor and assess the performance of the team
- take corrective action where targets are not achieved
- understand more fully the impact the team has on areas other than sanctions, for example in identifying fraudulent overpayments.

### **Quarterly reporting**

We will monitor our performance against our Key Performance Indicators (KPI's) and report on a monthly and or quarterly basis through the corporate reporting tool, Covalent. These are listed below.

### **Performance Committee**

Reporting our performance to Elected members and Senior officers;

The Council has established a Performance Committee and we will be reporting to this committee. This committee will also have access to the Corporate reporting tool, (Covalent), where our performance will be recorded against the KPI's.

### **Decision Making**

Decision making is the most vital area of fraud investigation work; from the starting decision on whether to embark on an investigation through to the decision on whether a case is suitable for sanction action.

The counter-fraud section has controls in place to:

- assess our decision making throughout the investigatory process and provide feedback as necessary through 13 & 26 week file holding checks
- provide procedures to follow to ensure that decision making is where possible directed based on knowledge to date
- carry out management checking throughout the process

Through these controls we ensure that the counter-fraud section are doing all that we can to make the right decisions at the right times throughout the investigation process.

### **Working in Partnership**

It is an important principle that our counter-fraud activities promote rather than constrain effective working relationships and communication with our interdepartmental and external partners. We recognise that to deliver an effective professional service and to tackle benefit fraud we must work with a number of stakeholders. Indeed, we attribute some of our success to the effective internal and external partnerships we have established.

Our partnerships assist the council in supporting our policy objectives and it is important that these partnerships are formally recognised and supported.

### **Our key partners are:**

- Revenues Unit
- Council - other departments
- Councils - other counter-fraud sections
- Jobcentre Plus Fraud Investigation Service (FIS)
- Crown Office & Procurator Fiscal Service (COPFS)
- Audit Scotland
- Internal Audit
- Police

Through our working partnerships, the council uses recognised legal gateways to:

- build and maintain secure and clear channels of communication
- facilitate good working relationships
- establish formal guidelines for exchanging information
- to identify and help each other to investigate fraud efficiently
- reduce duplication of investigatory procedures to an absolute minimum.

### **Fraud Investigation Service (FIS)**

We have already fostered an effective working partnership with our local FIS staff through regular meetings and importantly, willingness from both parties to engage in joint working and reduce the stock of fraud.

We will continue to attend regular meetings and to develop effective working relationships with FIS and our neighbouring councils and will operate within the parameters of any Fraud Partnership Agreement and or any local agreements that are in place.

We will work closely with our local FIS staff to ensure that all suitable cases are jointly investigated and sanctioned where appropriate.

### **Other councils**

We will continue to attend, contribute to and learn from our quarterly meetings with other councils at the quarterly Scottish Local Authorities Investigation Officers Group (SLAIOG), which involve investigation practitioners from all Scottish councils.

### **Procurator Fiscal (PF)**

Another important stakeholder is the PF who has discretion whether to prosecute a case or not. The PF must first be satisfied that the circumstances disclose a crime known to the law of Scotland. They must then consider whether the evidence is sufficient, admissible and reliable. If not, the PF will take no action. Otherwise, they will go on to decide the best course to take in the public interest.

Although West Lothian Council do not currently deal with the PF directly, we use the services provided by DWP's Central Prosecution Team (CPT) who vet cases and then submit cases on our behalf.

We will monitor our performance in achieving successful prosecutions and learn from those cases where we do not. We will do so, where possible, by direct liaison with the PF and where not possible, by liaison with CPT who prepare prosecution cases on our behalf. We plan to implement self-reporting to the PF via the Standard Reporting Agency Web (SRAWeb) however due to problems out-with our control, this is an ongoing issue.

### **Training & Staff development**

The advantage of having fully trained and competent counter fraud officers' (CFO's) is clear. It is therefore an aim for 2010/2011 to continue to identify any training needs and attempt to address these.

All the CFO's as well as the Team Leader & Assistant Team leader have now achieved the PiNS qualification for Accredited Counter Fraud Officers. The Team Leader is also qualified as an Accredited Counter Fraud Manager. However, in order to ensure that staff are fully developed in the area of investigations, which, like many other areas of work, is subject to changes and are able to flexibly adapt to such changes, ongoing new training as well as refresher training will be a requirement. In order to identify any training & development needs, all staff will have a personal development review annually.

Regular liaison with the DWP Learning & Development will take place in order to identify any new or updated PiNS modules that may be appropriate.

### **Fraud Awareness / Training**

The council recognises that the success of its Prosecution & Sanction Policy will significantly depend on the effectiveness of planned training. To facilitate this, the council will ensure that employees are provided with the necessary knowledge, skills and awareness to help ensure the success of its Prosecution & Sanction policy. This will be achieved by:

- Ensure fraud awareness training is included in induction for all new benefit staff, and refresher training is ongoing for all relevant staff annually.

- Ensure all relevant staff are trained in the latest evidence / requirements for receiving and verifying documents.
- Provide fraud awareness training to stakeholders and other relevant outside organisations
- Maintain the content in both the Internet & Intranet to ensure that it remains updated

We will continue to publicise internally and externally:

- the prosecution policy
- the fraud hotline telephone number & online reporting form

### ***Maximising referrals from staff***

Countering fraud is the responsibility of everyone working in or having management responsibilities for HB and CTB administration. It is an integral part of that administration that everyone is aware of the risks of fraud and knows what to do when they suspect it. We will promote fraud awareness to our colleagues who are involved in HB/CTB benefit administration, housing and council tax collection. This will ensure that those staff who interface with benefit customers are made aware of the important part they play in both securing the benefit gateway and detecting fraud at the earliest opportunity. Again, this year fraud awareness will be delivered to all appropriate staff through an e-learning package. In addition we will ensure that fraud awareness training is kept as part of any new staff's induction process.

### ***Maximising referrals from the public***

The council subscribes to the DWP's Shared Fraud Hotline and in the terms of promoting fraud awareness externally, we will continue to publicise this hotline service to the public and to all council staff who can use this service with complete confidentiality. The hotline number is publicised on all our Benefit application forms & Booklets. It is also publicised in our local council offices, local newspapers and is also included on the Council's web page. During 2009/10 we also introduced an on-line fraud referral form on the Council's web page.

## **Referrals**

### ***Referral sifting***

All the referrals that we receive are risk assessed to ensure that we target our investigative skills and resources effectively. We need to ensure that our effort is expended on those cases more likely to result in proven fraud and ultimately a sanction and whereby unsuitable cases are correctly rejected. Therefore a regular review of the risk assessment process will be reviewed annually or sooner if required.

It is considered good practice to measure the time taken in making a decision on referrals received and as such we will continue to include the sifting all non-bulk referrals within 10 working days of receipt as a target. Again this included as a KPI for 2010/2011.

### ***Referral monitoring***

We will continue to monitor and analyse the outcome of investigations and use this intelligence to facilitate learning and improvement in all aspects of counter-fraud performance. Specifically we will continue to monitor on a monthly and quarterly basis;

- the number of referrals received
- referrals by type
- referrals by source
- referrals resulting in prosecution or other sanctions by type
- referrals where no fraud is found
- the amount and number of overpayments established through fraud investigation

We will use this information to inform our risk-based sifting process and the content and targeting of future fraud awareness sessions. We will also continue to provide summary level feedback to staff, which will encourage more, and better, referrals.

## **Investigation**

### **Commencing investigative action**

Investigations should be focussed and there should be no unnecessary delay. To aid this, it is considered good practice to ensure that investigations should start within an average of 10 working days of the case being sifted. As such, this is again included as a KPI for 2010/2011.

### **Concluding investigative action**

In line with Internal Audit recommendations, we set a performance measure for the length of time in concluding a fraud investigation not subject to a sanction.

As would be expected, the time taken to conclude a case as "No Fraud Found" would take far less time than that of a Substantiated case, therefore we have split this target into two different categories;

- Average Number of weeks taken to conclude a "No Fraud Found" case
- Average number of weeks taken to conclude a "Substantiated – No Further Action

During 2009/10 the average number of weeks taken to conclude a "No Fraud Found" case was 12.06 weeks & 56.5% of this category, were concluded within 13 weeks

The average number of weeks taken to conclude a "Substantiated – No Further Action" case was 23.97 weeks & 45.5% of this category, were concluded within 26 weeks.

For 2010/11 we will strive to conclude 57% of No Fraud Found cases within 13 weeks & 46% of Substantiated – No Further Action cases within 26 weeks and as such this is included as a KPI for 2010/2011.

### **Joint Initiatives**

We will again endeavour to take part in any multi-agency initiative that arises during 2010/2011. The most common multi-agency initiative in our area is normally road stops that involve, FIS/ LA's/VOSA/Trading Standards/Police.

### **Housing Benefit Matching Service (HBMS)**

Referrals received via HBMS have provided the investigation team with an excellent source of investigations. The referrals received are generally of good quality and have lead to many successful sanctions and prosecutions.

To ensure that we are making the best use of our resources we will continue to maintain and review, when appropriate, the procedures for dealing with the sift for data matches. Investigations facilitated from HBMS referrals will continue to be treated as a priority.

### **National Fraud Initiative (NFI)**

We will continue to participate in the National Fraud Initiative. This initiative is run by Audit Scotland every 2 years and matches the data held by different local authorities and pension providers. It provides Scottish councils with an opportunity to identify discrepancies between HB and CTB records and other records such as:

- student awards
- private pensions
- payrolls.

It is important that a clear and comprehensive process has been established to follow NFI data matches and the unit will ensure that this work is dealt with effectively and that potential savings to the authority are maximised. The matches identified as potential fraud cases will be pursued as appropriate by the investigation team.

### **National Anti Fraud Network (NAFN)**

The unit subscribes to the services of NAFN, primarily for its intelligence gathering services, and NAFN have proven to be indispensable in past investigations. The investigation team intends to continue utilising the services of NAFN during 2010/2011.

## **Housing Benefit Review Team (HBR)**

The HBR are part of DWP, who conduct annual reviews. Their role is to review a random selection of cases in order to verify benefit is being paid correctly and to refer any suspected fraudulent cases identified to the investigation team. The investigation team will work closely with the HBR team in order to ensure that all cases referred are dealt with expediently & effectively.

## **Right Time Indicator**

The Right Time Indicator focuses on the length of time taken to process new claims as well as change events. Included in this indicator are change events discovered during the process of a fraud investigation. As such, it is imperative that a process is in place whereby the investigation team, can immediately report to the benefit decision makers any changes identified during the investigation.

## **Welfare Reform Act 2007 (WRA)**

The WRA provides legislation whereby the Local Authority may, under certain circumstances, investigate and take further sanction or prosecution action in relation to fraudulent claims for DWP benefits, known as National Benefits.

Because the WRA specifies that only certain DWP benefits are covered in these provisions and they only apply when HB/CTB is also in payment, it is not currently anticipated that we will take up DWP investigations without DWP involvement and joint working will continue as before.

The situation will be reviewed as appropriate.

## **Management Checks / Quality checking & Reviews**

A robust series of Management Checks were introduced in order to ensure that investigations conducted are of the required standard and comply with local policies as well as statutory legislation.

To provide assurance on the quality of work and the extent to which the investigative process complies with policies, legislation and also to maximise the opportunity to improve the quality and quantity of evidence gathered, our management checking programme includes ongoing as well as closed investigations. These checks will consider:

- time taken to sift the referral
- time taken to start the investigative action
- quality and completeness of the evidence gathered
- compliance with legislation, which includes:
  - Social Security Administration Act 1992
  - Data Protection Act 1998
  - Human Rights Act 1998
  - Race Relations Act 1976
  - Regulation of Investigatory Powers (Scotland) Act 2000
  - test of fairness
- compliance with council policy and guidance
- delays during the investigation
- any fraud administrative weaknesses
- any benefit administrative weaknesses

We also conduct case reviews of ongoing cases that reach 13 weeks and 26 weeks, this will allow us to prioritise and progress our workload and close cases as soon as possible where necessary.

We also run an inactive case report that shows cases that have been inactive for 30 days or more, this allows us to monitor & minimise any delays that may occur.

We also introduced, in those cases not subject to a sanction, management authorisation to close down a case, this allows us to ensure that all relevant avenues have been pursued.

We will continue to check 5% of all closed fraud files on a monthly basis comprising:

- closed investigations where fraud is proven, but no further action is being taken.
- closed investigations where fraud is not proven.
- all closed cases for any new staff.

Our quality checking regime will provide assurance to senior officers and members that:

- all fraud investigations comply with legislation
- the treatment of offenders is consistent
- the maximum deterrent effect is achieved in all cases
- the counter fraud unit is operating efficiently and effectively.

Importantly we will use the findings of these checks to:

- identify trends in investigative and benefit administrative weaknesses
- identify any training needs
- deliver continuous improvement in our performance and service delivery.

### **Sanctions and Prosecutions**

Our performance in this area has seen a continuous improvement on the number of sanctions attained over the years.

Whilst we aim to improve on our current performance, our main aim for 2010/2011 is to increase the number of sanctions from 40 to 42.

Whilst we aim to achieve 42 sanctions within this current financial year, as with all forward planning there is always the possibility of an unknown factor that could prevent us from reaching these aims. The target is therefore variable, subject to not only the retention of adequate resource, the fact that not all cases are suitable for sanction and or prosecution action.

Although we need to ensure that the council's Prosecution & Sanction policy is consistently applied, we also need to ensure that people are not wrongly accused of benefit fraud and each case will be looked at on it's own merit.

Also while we are keen to pursue those who commit or attempt to commit benefit fraud we need to ensure that everyone is treated fairly. As a consequence, we introduced robust procedures and decision making processes in relation to sanction cases and the staff involved in the decision making process are highly trained in this area.

There are also robust management checks in place, 100% of all the LA led cases that are submitted for Sanction consideration are subject to management checks at various stages of the process. The decision to offer any sanction or prosecution is made in line with the guidance contained within the Prosecution & Sanction Policy.

Once a sanction has been offered and accepted, there are additional checks by the team leader who approves all sanctions to ensure that again the correct procedures have been followed.

### **Benefit Fraud Strategy**

The Benefit Fraud Strategy will be reviewed on an annual basis and any necessary amendments will be referred to the appropriate persons. This will ensure that the strategy remains fit for purpose.

### **Prosecution & Sanction Policy**

The Prosecution & Sanction Policy will be reviewed on an annual basis and any necessary amendments will be referred to the appropriate persons. This will ensure that the policy remains fit for purpose.

## Planned Activities & KPI's for 2010-2011

### Measuring & Reporting Performance

Report to Performance Committee when applicable  
Report monthly to the Elected Members & Senior Officers on our Performance through Covalent  
Report monthly on Sanctions via CPT report to RMT  
Regular monitoring of our accuracy of the plan against our targets  
Continue with the internal monthly reports  
Analyse the results of investigations

### Decision Making

Continue with the 13 week & 26 week file holding  
Continue with the inactive case report to ensure delay is being reduced to an absolute minimum.  
Continue with the regime of management checks documenting for audit purposes  
Team and individual officer guidance to ensure objective and effective decision making  
Review procedural manuals when appropriate

### Working in Partnership

Continue to attend counter-fraud related forums and stakeholder meetings  
Continue to take part in joint working on all cases as appropriate  
Implement self-reporting to the PF

### Training & Staff Development

Identify training needs of the counter-fraud section, delivering what is required internally or sourcing it externally  
Annually review counter-fraud team work role outlines  
Hold team meetings with the counter-fraud team, which include progress on action points.  
Use case level information and counter-fraud team discussions to continually review and update our procedures to improve our counter-fraud service

### Fraud Awareness Training

Maintain the content of both the internet and intranet information as required  
Ensure that fraud awareness training is included at induction for all new benefit staff  
Undertake delivery of fraud awareness to external and internal stakeholders as practicable  
Carry out annual publicity campaigns promoting the Fraud Hotline number

### Benefit Fraud Strategy & Prosecution & Sanction Policy

Review to ensure still fit for purpose.

## KPI's

	<b>Referral sifting</b>		<b>Publicising sanction cases</b>
1	Sift all non data matching referrals within an average of 10 working days of referrals being received	5	Publicise our sanction cases on the council's web page
	<b>Commencing Investigative action</b>		<b>Management Checks / Quality checking reviews</b>
2	Commence investigations within 10 days of decision being made	6	Conduct a 5% quality management assurance check on all closed investigations (non sanction)
	<b>Concluding Investigative action</b>		
3	(a) Conclude 57% of No Fraud Found cases within a minimum of 13 weeks (b) Conclude 46% of Substantiated – No Further Action cases within a minimum of 26 weeks	7	Conduct a 100% quality check on all LA led sanction cases
	<b>Joint Initiatives</b>		<b>Sanctions &amp; Prosecutions</b>
4	Take part in multi-agency initiatives	8	Strive to achieve at least 42 sanctions

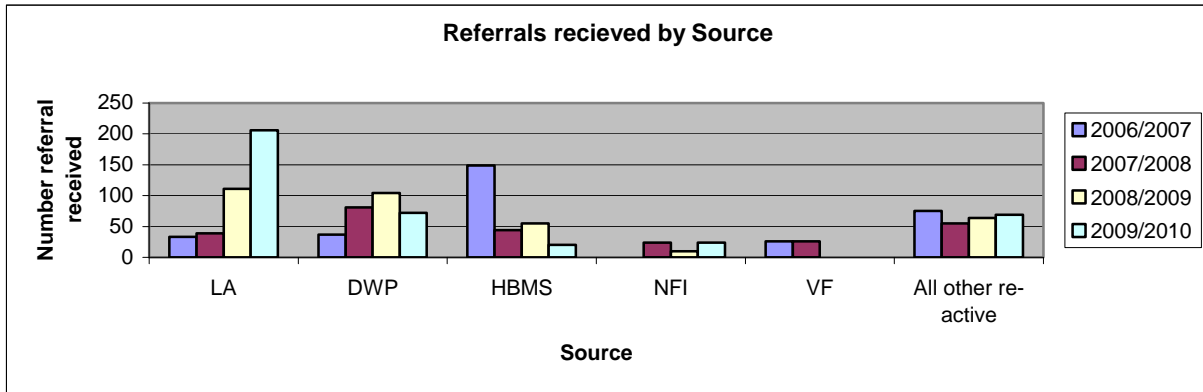
# Review of 2009/10 performance

## Referrals

We received 391 referrals during 2009/10.

Figure 1 outlines the breakdown of the referrals received for investigation by source during 2009/10 and a comparison with the previous years.

**Figure 1: Referrals received by source;**



Of the 391 referrals received during 2009/10, we accepted 178 cases for investigation.

Figure 2 outlines the breakdown (%) of the decisions made on the referrals received during 2009/10 and a comparison with the previous years.

**Figure 2: Decision on referrals received;**

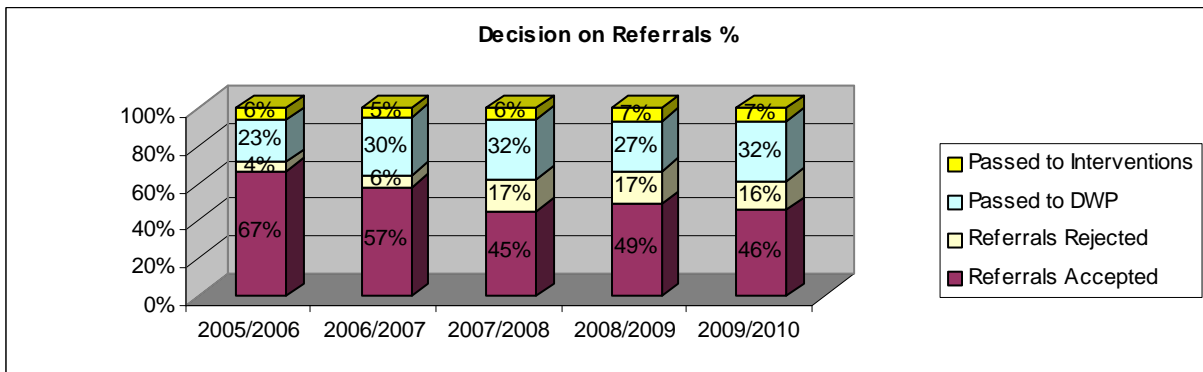
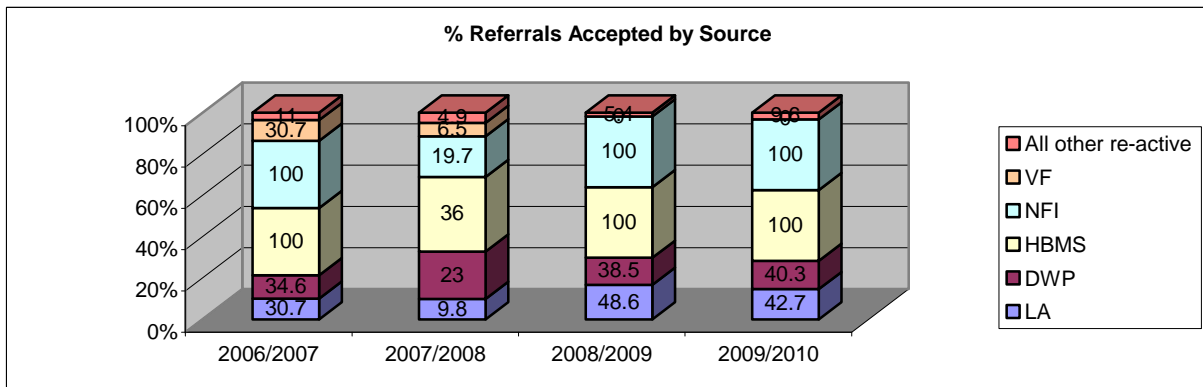


Figure 3 outlines the breakdown of the referrals accepted for investigation by source during 2009/10 and a comparison with the previous years.

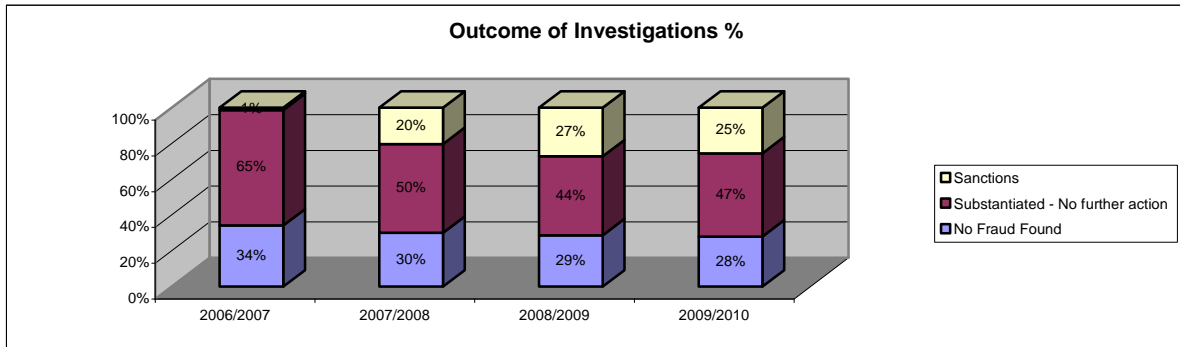
**Figure 3: Referrals received by source;**



## Investigations

We closed 162 investigations during 2009/10, of which 116 (71%) resulted in fraud proven. Figure 4 outlines the closed referrals by source during 2009/10 and a comparison with the previous years.

**Figure 4: Outcome of closed investigations;**



## Sanctions

As a result of fully trained CFO's, the changing of our sanction procedures and agreed Joint Working procedures with the DWP's FIS we managed to greatly improve in this area, therefore we will continue to monitor productivity.

Figure 5 outlines the sanctions we achieved in 2009/10 and a comparison with the previous year.

**Figure 5: Sanctions achieved;**

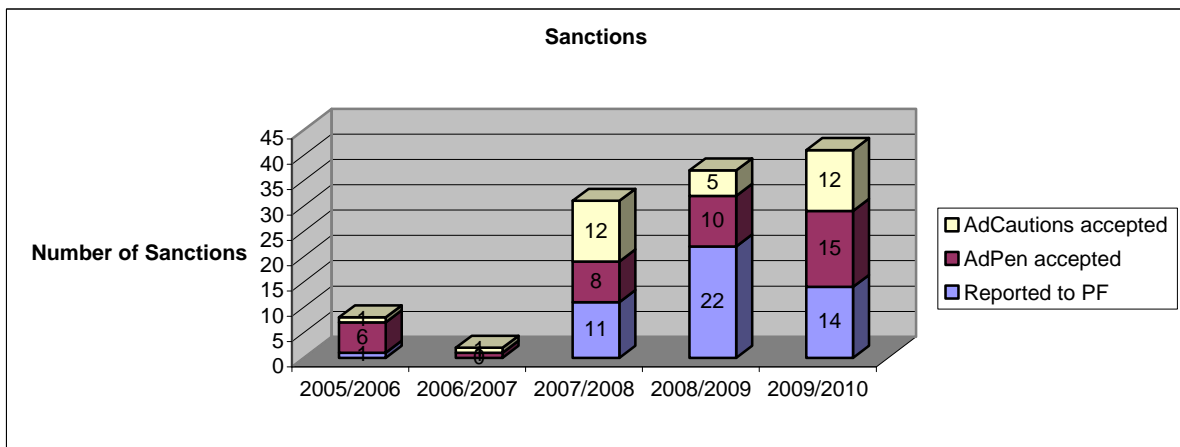
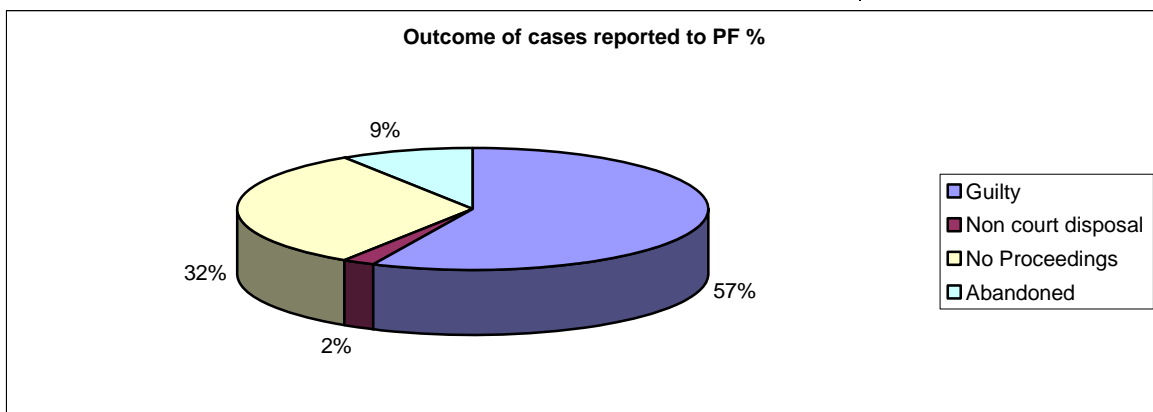


Figure 6 outlines the outcomes of the cases reported to the Procurator Fiscal (PF) as at 31<sup>st</sup> March 2010;

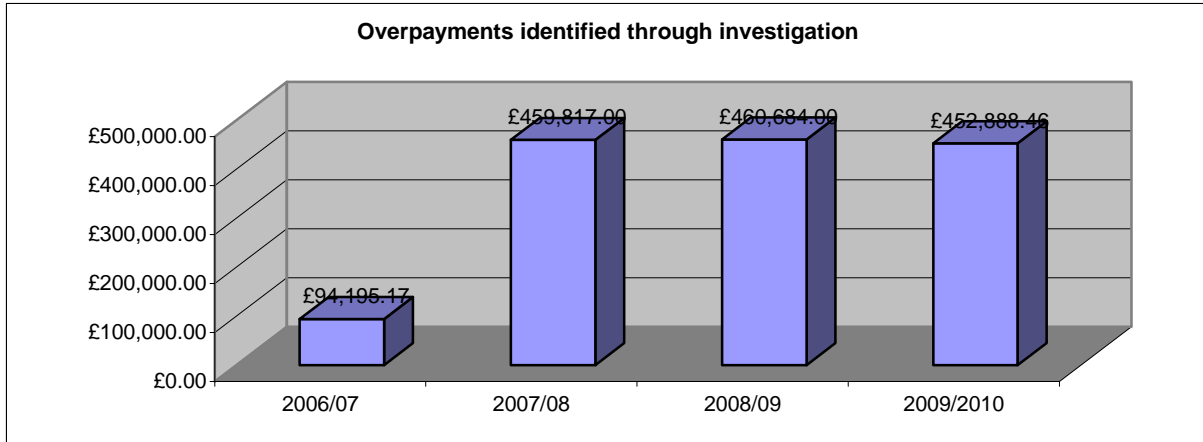
**Figure 6: Outcome of cases reported to PF;**



## Overpayments

Figure 7 outlines the recoverable overpayments created as a result of the investigative intervention we achieved in 2009/10 and a comparison with the previous years.

**Figure 7: Overpayments attributed to investigative actions;**  
From 2007/08 also includes overpayments relating to DWP benefits



### (Review of performance against our KPI's for 2009/2010)

KPI	In the 2009/10 Business plan we said we would -	The outcome was
1	Sift 100% of all non HBMS/NFI referrals sifted within an average of 10 working days.	Average number of days taken was 5.9 days
2	Commence 100% of all investigations within an average of 10 working days of sifting.	Average number of days taken was 3.2 days
3	Conclude 65% of "No Fraud Found" cases within a minimum of 13 weeks of being allocated.	On average, 56.5% of cases were concluded within 13 weeks.
4	Conclude 45% of "Substantiated" cases, not subject to a sanction, within a minimum of 26 weeks of being allocated.	On average, 45.5 % of cases were concluded within 26 weeks.
5	Conduct a 5% management check on closed cases.	Management check conducted on 5% of all closed cases not subject to a sanction.
6	Conduct a 100% management check on all sanction cases.	Management check conducted on 100% of all LA led sanction cases.
7	Strive to achieve 40 sanction	Achieved 41 sanctions
8	Introduce an on-line benefit fraud reporting form	On-line form introduced in November 2009

## 2010/11 Planned Initiatives

<b>Short Description</b>	<b>Desired Outcome/Benefits</b>	<b>Lead Responsible Officer</b>	<b>Start Date</b>	<b>Finish Date</b>
1. Make use of council's web page to publicise prosecution & sanctions.	Become more proactive in publicising the outcomes of sanctions. Can hopefully act as a deterrent to discourage fraudulent claims to benefit.	AMC	01/04/10	30/09/10
2. Develop a fraud awareness package and make available for use on the council's intranet site.	To provide fraud awareness to all staff & encourage the reporting of benefit fraud.	AMC	01/04/10	30/09/10