

## **Replacement of Fraud Case Management Software**

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**Summary:** This report evaluates options to replace the obsolete Fraud Case Management Software.

<b>Recommendation:</b>	<p>It is recommended that</p> <ul style="list-style-type: none"> <li>(i) The purchase of the Civica Fraud Database Management System is approved. [Total purchase cost – see addendum in Part II].</li> <li>(ii) That the use of £11,725 is approved from contingencies. [£29,333 underspend from 2004/05 arising from prosecution income went back into Council balances.]  The balance on the contingency fund stands at £161,576 prior to any approvals on this agenda.  The annual revenue cost could be met from the existing revenue budget.</li> </ul>
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**Impact on delivering Copeland 2020 objectives:** None directly from this report.

**Impact on other statutory objectives (e.g. crime & disorder, LA21):** Assist with legal compliance and further enhance the ability to investigate fraud in the systems within Copeland.

**Financial and human resource implications:** Cost of the system is given in the Part II addendum to this report. External supplier has advised that in-house IT support of up to 3 days will be required for initial set up. SQL server requirements for system can be accommodated with an existing server at the moment. Space is allocated on a “first come, first served” basis. This will then allow disposal of the old server. Fraud staff days for set up of coding can be met from within existing budget.

**Project & Risk Management:** Current system obsolete and risk to data being held if system fails again. Data protection and legal compliance compromised with existing system. IT resources maintaining an obsolete and unreliable system on an old server. Risks of implementing new system are low given that this is tried and tested software and minimal in-house IT resources are needed.

### **Key Decision Status**

- **Financial:** None  
- **Ward:** None

**Other Ward Implications:** None

## **Replacement of Fraud Case Management Software**

### **1. INTRODUCTION**

- 1.1 The Fraud prevention team within Audit currently employs a case management system provided by ANITE (FIMS) to manage the Team caseload. This is supported by a number of manual systems, for example the Potentially Violent List, tape register.
- 1.2 There are a number of gaps where no system exists, for example prosecution documentation, Information gathering for Performance Indicators (PI's).
- 1.3 The current system has been made obsolete by the company and the licence and support has not been available for FIMS for over 16 months. This has an impact in several areas such as legislative upgrades, the ability to supply meaningful and accurate management statistics, inability to streamline workflow, current difficulty in in-house data matching, resource management, right down to the very simplest task of monitoring investigator caseload.
- 1.4 A replacement system is urgently needed (see 2.1 below, detailing the risks of delay) to ensure the caseload can be managed and that the £36,000 target prosecution income can be achieved. This target must be met in order to balance the current year's budget and, therefore, there is a high risk in awaiting approval of a budget bid for 2006/07. The discounted quote given for the preferred system is valid until 19<sup>th</sup> October. The cost is increasing with time. Prosecution income of £29,333 from 2004/05 should have been carried forward for investment in fraud investigation but the request for approval was overlooked during the restructure, with the transfer of responsibility for the fraud section. This sum has, therefore, gone back into Council balances.
- 1.5 To maximise efficiency, fraud case management should use specialised software, which incorporates a risk assessment tool. The Department of Works and Pensions (DWP) Standard E24 requires that the Local Authority sifts fraud referrals within an average of 10 working days and "uses a management information system to track all fraud referrals ... and the progress made on them." This would be extremely difficult without a computerised system, given that the present system holds 823 fraud cases as at 14 September 2005. Statistics need to be provided on a quarterly basis for Benefits returns and grant claims and, on an annual basis, for statutory Performance Indicators. In addition, there are bulk fraud referrals from the National Fraud Initiative and the Housing Benefit Matching Service.
- 1.6 There will be no sharing of the detailed data held on this system within other departments of the Council, as it will hold work in progress on unproven referrals and detailed findings of investigations which will be used in prosecutions. It will, therefore, be a "stand alone" system and will not form part of any corporate electronic document management system.
- 1.7 The Fraud Prevention Team Leader has reviewed the options currently available.

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### **2. OPTIONS**

#### **2.1 F.I.M.S 1**

Continuing with the current system (FIMS 1) is not a viable option because of the following risks:-

- It is obsolete, and has been since April 04. It has become unreliable, has periods where it is inaccessible and loses input data. For the financial year 2004-05, it was un-useable for approx 6 months of the year.
- It will not be updated with any legislative changes and Copeland BC will not be included in the discussions between the Department of Work and Pensions (DWP) and the software providers, as we have not bought the upgraded version of FIMS.
- Clerical work around systems, and repeated inputting, is slowing the section's productivity and, therefore, affecting the amount of time available for investigation.
- Financial rewards for positive investigations and progress towards Performance Indicators (PI's) are detrimentally affected accordingly [target income of £36,000].
- It is causing problems for in-house IT resources in supporting an obsolete system – staff support time and cost of continuing to run an old server purely for this software.
- Licence fees continue to be paid for an obsolete system until it can be replaced.

#### **2.2 Options for a new Fraud Case Management System**

Four systems have been evaluated and details are given at Appendix A in the Part II Addendum to this report.

### **3. CONCLUSIONS**

- 3.1 The Civica solution is by far the best in terms of meeting legal and operational requirements at a reasonable cost. Copeland would have a Fraud Management system which would be able to expand and change along with the ever changing workload. The system monitors caseload, allows for small scale data matching when time and priorities allow, reports statistics and is user configurable to give greater flexibility. The Revenues and Benefits Manager and the Senior Financial Controls Officer have been consulted to ensure their information requirements can be met.
- 3.2 Quotes from the three main providers and information relating to the evaluation of the software are detailed in a part II Addendum to this report. [The Academy fraud module is already available as part of the new Revenues and Benefits software but fails to meet legal requirements under the Data Protection Act re retention of data, unless useful historical data is also deleted. This module was not priced separately but included as part of the total package].

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**List of Appendices:** Addendum in Part II of this agenda

**List of Background Documents:**

Technical documentation submitted by the suppliers has been circulated to the IT section and is available upon request.

**Officers Consulted:** Cllr. E. Woodburn, Cllr. N. Williams, Chief Executive, Head of Finance & Business Development, Head of Legal & Democratic Services, Head of Customer Services, Business Development Manager, ICT Team Leader (Technical Support), Accountancy Services Manager, Audit & Fraud Prevention Manager.