

## **AUDIT AND ACCOUNTS COMMITTEE**

**21 APRIL 2021**

### **COUNTER-FRAUD ACTIVITIES FROM 1 SEPTEMBER 2020 TO 31 MARCH 2021**

#### **1.0 Purpose of Report**

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 27 November 2019.

#### **2.0 Background Information**

2.1 An element of the role of the Audit & Accounts Committee is to provide assurance to the Council that its anti-fraud arrangements are operating effectively. In order to do this, counter-fraud activity reports are brought to the Committee twice a year. These reports detail the number of cases detected, amounts lost, the outcome of cases and amounts recovered, together with any other counter fraud work that has been undertaken.

#### **3.0 Counter Fraud Detection**

3.1 The Housing Benefit fraud team was transferred to the Fraud and Error Service at the Department for Works and Pensions on 1 December 2015.

3.2 Any housing benefit cases identified as potentially fraudulent are referred to the Fraud and Error Service at the DWP for investigation.

3.3 Referral procedures have been established and since 1 December 2015, **215** potentially fraudulent claims for housing benefit have been referred to the Fraud and Error Service for investigation. Of these 32 cases have been confirmed as fraud and sanctioned by the DWP.

#### **4.0 Other Counter-Fraud Work**

4.1 As part of the Council's response to the COVID-19 Pandemic, grants have been given to Businesses through the Governments Small Business and Retail, Hospitality and Leisure grant schemes. A data matching exercise has been conducted through the National Fraud Initiative and of 2,269 grants, 749 were flagged as requiring a review.

4.2 All of the 749 cases have been reviewed and 3 have been recorded as fraud and 2 as error totalling £50,000. Action is currently being taken to retrieve those funds – so far £20,000 has been recovered.

4.3 A recent additional data matching exercise has currently been undertaken for grant payments made for the period November 2020 to February 2021. The results for this data match are also being used to verify the trading status of businesses that apply for a restart grant prior to paying the grant.

4.4 ICT have also been involved in several pieces of work in order to reduce the risk of fraud:

- Immutable backups (not susceptible to ransomware attack) – Ransomware attacks are not uncommon and 2 local authorities have been subject to these attacks causing an estimated £10million of damage
- Cyber Essentials accreditation – NCSC cyber standard
- MidCall solution – Removes risk profile of staff processing card holder data. Customers are now using an automated payment solution with the customer representative on the phone (midcall) to acknowledge payment collection.
- PCI-DSS Annual SAQ – current Self-Assessment puts our network in scope, however with the MidCall solution it is therefore out of scope. This will be updated when the next SAQ is completed. The current SAQ was verified and completed by an independent QSA.
- Annual IT Health Check – Penetration test – An annual check of ICT controls and compliance against high standards.
- PSN Annual Compliance – Obtained in March 2021 after successful remediation of any vulnerabilities in the Annual IT Health Check.
- ICT staff trained to Government standard CISSP & CISM – ICT staff have been trained to a standard of Certified Information Systems Security Professional Level and one officer at Certified Information Security Manager level.

There are other actions that have been completed, and these have been disclosed in the exempt Fraud Risk Register report elsewhere on this agenda.

- 4.5 During the period, the Business Manager – Financial Services, alongside all fraud risk owners, have reviewed the Fraud Risk Register and updated where appropriate. All actions have been given time bound deadlines for implementation and these have been added to the Pentana system for review through the Business Unit review meetings. The report in relation to the Fraud Risk Register report and the contents can be found elsewhere on this agenda.
- 4.6 As referred to in the previous Counter Fraud Activity report tabled at the September Committee, work has progressed regarding a fraud e-learning page on the intranet available for all staff. It is anticipated that this will go live prior to the end of April with a view for all staff to complete before the end of May 2021. This supports the refresh of the Anti-fraud and Corruption Strategy and the Anti-Money Laundering strategies that were approved at Council on 9 February 2021.

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

- 5.1 The National Fraud Initiative (NFI) is a data-matching exercise where electronic data is collected from numerous agencies including police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The data collection is carried out by the Cabinet Office and is reviewed for any matches that might reveal fraudulent activity. e.g. a record of a person's death exists, but that person is still claiming state pension. The potential matches are sent to individual bodies for investigation to check if there is another, innocent explanation. Most data sets are currently submitted every two years, apart from single person discount data which is submitted every year.
- 5.2 During 2020/21 1,606 Council Tax the single person discount awards were investigated. Of the matches generated by NFI, 117 cases of suspected fraud were identified amounting to £31,575.25.

5.3 The 2021/22 exercise commenced in February 2021 following the release of single person discount matching data. This exercise comprises of Accounts Payable, Payroll, Personal Alcohol licences, Taxi drivers licences, Right to buy, Housing tenants, Housing waiting list, Housing benefits, Council Tax reduction scheme, Single person discounts and the Electoral roll. Due to the impact of Covid 19 limited work has been undertaken in the investigation of the matches – this will be picked up during the rest of this year.

## **6.0 Equalities Implications**

6.1 There are no equality implications, as all cases of fraud and error are investigated, regardless of the characteristics of the persons involved.

## **7.0 Financial Implications (FIN20-21/7127)**

7.1 Overpayments can be a serious drain on the Council's resources, whether due to fraud or error. Work undertaken to prevent and detect fraud and error and to reclaim overpayments can support the Councils' financial position.

## **8.0 RECOMMENDATION**

**That Members note the content of the report.**

### **Reason for Recommendations**

**To promote a strong counter-fraud culture, it is important that Members are aware of the Council's response to fraud and the results of any actions taken.**

### **Background Papers**

Fighting Fraud & Corruption Locally Strategy – available on the Council's website

For further information please contact Nick Wilson, Business Manager - Financial Services on Ext 5317

Nick Wilson  
Business Manager - Financial Services