

AUDIT & ACCOUNTS COMMITTEE
1 DECEMBER 2021

COUNTER-FRAUD ACTIVITIES FROM 1 APRIL 2020 TO 30 SEPTEMBER 2021

1.0 Purpose of Report

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 21 April 2020.

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, **221** potentially fraudulent claims for housing benefit have been referred to the Fraud and Error Service for investigation. Of these 37 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 (2 grants) have been recovered. County Court proceedings have commenced against one of the grant recipients.

4.3 An additional data matching exercise has been undertaken for grant payments made for the period November 2020 to February 2021. The results for this data match were used to verify the trading status of businesses that applied for a restart grant prior to paying the grant.

4.4 Based on the Fraud Risk Register that was presented to the committee on the 21 April 2021, a number of other actions that were identified have also been completed:

- Update control documents and instructions for all election type activities

- Communications and training around fraud awareness through e-learning
- Spot checks of procurements to ensure CPR compliance
- Review off-contract spend through transparency data
- Sign up to NAFN for fraud updates
- Data analysis of payroll information and costs
- Extend pre-employment checks to reduce risks around possible employment of those that have been subject to people trafficking
- Review of processes around agency workers (claims etc) to ensure robust
- Ensure Managers know the signs of trafficking so they can raise concern as appropriate by providing annual refresher training
- Planning refunds where the application has been made through the Planning portal to be refunded through that process, where all other refunds will require an image from the bank account to show originating bank
- Refunds of application fees to be authorised only by Business Manager or Planning Technical Support Manager
- Reconciliation of fees (planning, street naming and numbering and land charges)
- Training on Housing Benefits processes to the Housing Management Business unit

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

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