

AUDIT & ACCOUNTS COMMITTEE

27 APRIL 2022

COUNTER-FRAUD ACTIVITIES FROM 30 SEPTEMBER 2021 TO 31 MARCH 2022

1.0 Purpose of Report

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 1 December 2021.

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, **231** 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 2 have been recorded as fraud and 2 as error totalling £40,000. Action is currently being taken to retrieve those funds – so far £20,000 (2 grants) have been recovered. The Government Department BEIS requested details of any fraud cases that were currently live whereby payments have yet to be received during February 2022 for which the two remaining cases were given. It is anticipated that these cases will then be passed to BEIS for them to recover. At the time of writing this report BEIS were still considering this request.

4.3 An additional data matching exercise has been undertaken for grant payments made for the period November 2020 to March 2021. This consisted of checking records with Companies House and Spotlight prior to payments being made, rather than retrospectively. In respect of Sole Traders, who will not have Companies House records to check against, a bank statement was utilised in order to validate authenticity.

4.4 In respect of the Restart grants, Omicron and additional ARG grants paid from April 2022 onwards, Spotlight checks were mandated prior to payment of grant in order to reduce the likelihood of fraudulent payments being made. This included checks to Companies House. In respect of Sole Traders, who will not have Companies House records to check against, a bank statement was utilised in order to validate authenticity.

4.5 Based on the Fraud Risk Register that was presented to the committee on the 21 April 2021, a further action that was identified has also been completed:

- Acquisitions and Disposals policy adopted at Policy and Finance Committee 25th November 2021

4.6 The annual full review of the Fraud Risk Register has been commissioned with Assurance Lincolnshire and this took place during April 2022. The results of this will be brought to the July Audit and Governance Committee.

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 2021/22 1,567 Council Tax the single person discount awards were investigated. Of the matches generated by NFI, 142 cases of suspected fraud were identified 20 cases of error amounting to £98,216.38.

5.3 Of the other data sets 163 cases have been processed and of these 27 cases have been classified as error, mainly due to deceased persons that were still registered on the housing waiting list.

5.4 A County wide approach is currently being considered for the 2022/23 exercise – further information is expected to be available in June 2022.

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 (FIN22-23/2117)

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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