

AUDIT & ACCOUNTS COMMITTEE
29 NOVEMBER 2018

COUNTER-FRAUD ACTIVITIES FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018

1.0 Purpose of Report

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 25 April 2018.

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, 105 potentially fraudulent claims for housing benefit have been referred to the Fraud and Error Service for investigation.

4.0 Other Counter-Fraud Work

4.1 An annual strategic risk review was completed with CMT during July 2018. This considered all risks that the Council face inclusive of the fraud risks identified during the workshop held with Assurance Lincolnshire during February 2018. It was felt that the fraud risks needed to be held with more prominence within the performance management system to ensure that they are reviewed in timely intervals and due to this have now been categorised as operational risks. This will ensure that fraud risks are not treated any differently to other risks, as they have been in the past, and to ensure that regular reviews throughout the year occur, rather than just an annual review in conjunction with Assurance Lincolnshire.

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 2017/18 1,229 Council Tax the single person discount awards were investigated. Of the matches generated by NFI, 60 cases of suspected fraud were identified amounting to £17,226.
- 5.3 In addition to single person discount, a number of other data sets are currently being reviewed in this round of NFI including:- housing benefit awards, localised Council Tax support awards, taxi and alcohol licences, Council house tenancy records, and Council payroll records.
- 5.4 Through the other data sets mentioned in paragraph 5.4, 2,180 matches have been processed, of which 3 cases of suspected fraud have been identified with a total value of £288.
- 5.5 The 2018/19 exercise will commence in January 2019 following the release of the single person discount matching data. This exercise will comprise 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. Officers are currently underway submitting data to NFI for them to go through the matching process.

6.0 Future Counter Fraud Work

- 7.1 Work is ongoing to identify proactive counter-fraud work that can be undertaken. This work will be carried out in conjunction with Assurance Lincolnshire.

8.0 Equalities Implications

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

9.0 Impact on Budget/Policy Framework

- 9.1 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' budget at a time of funding cuts.
- 9.2 Funding for counter-fraud work can be found from savings made in the cost of external and internal audit.

10.0 Financial Comments

- 10.1 It is important that the Council establishes and maintains robust referral mechanisms with the Fraud and Error Service to ensure that potentially fraudulent housing benefit claims continue to be investigated and that sanction activity continues to take place to act as a deterrent.

10.2 Publicity is important as a deterrent, and controls in place must be maintained to detect and prevent potential frauds.

10.3 The NFI data matching exercise requires resources to investigate the potential matches, and it is a government requirement that Councils take part.

11.0 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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