

AUDIT & ACCOUNTS COMMITTEE

24 APRIL 2019

COUNTER-FRAUD ACTIVITIES FROM 1 OCTOBER 2018 TO 31 MARCH 2019

1.0 Purpose of Report

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 28 November 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, 170 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 During January 2019 Assurance Lincolnshire facilitated a refresh of the Fraud Risk Register to ensure that all fraud risks are assessed and mitigated where possible. Eighteen areas of the Council's activities are considered to be at the risk of fraud, four of which have sub-categories within them. The report containing the detailed Fraud Risk Register is elsewhere on this agenda.

4.2 An internal audit on Counter Fraud was commenced during the period to look at:

- Ensuring fraud risks are identified
- Review of the Counter Fraud Strategy and associated policies
- Assessing the recourse invested and its proportionality to the level of risk.

4.3 At point of writing this report, the final report had not been completed, but will be presented within the Internal Audit progress report to the next 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 2018/19 1,160 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 5.3, 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 commenced in February 2019 following the release of the 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.

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 Financial Implications (FIN19-20/399)

- 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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