

AUDIT COMMITTEE – 10 JULY 2020

FRAUD – ANNUAL REPORT 2019/20

1. INTRODUCTION

- 1.1 The Council is committed to preventing and detecting fraud and will deal openly and forcefully with anyone who acts dishonestly. This report provides an update of the fraud activities for 2019/20.
- 1.2 The Corporate Fraud and Compliance Officer is 0.53FTE.

2. FRAUD REFERRALS

- 2.1 In 2019/20 there have been 54 fraud referrals received relating to Housing Benefit and/or Council Tax Reduction.
- 2.2 There were 22 referrals to the Corporate Fraud and Compliance Officer of which 14 have been completed. Referrals are received via DWP, an e-form, hotline or internally from staff.
- 2.3 Following investigations there has been a total of £69,457.36 in Housing Benefit overpayments and £12,478.15 in Council Tax Reduction non entitlement. For overpayments of Housing Benefit we can claim subsidy of 40% of the overpayment amount. Where the overpayment is recovered, i.e. paid back by the claimant, by 60% or more this is an additional income to the council.
- 2.4 Fraud Referrals from 2019/20

Type of referral	No of referrals	Ongoing cases	Closed cases
Living Together	6	3	3
Undeclared Capital	6	3	3
Undeclared Earnings	5	2	3
Household composition	1		1
Homeseach waiting List	1		1
Internal	3		3
Total Referrals	22	8	14

- 2.5 The outcome of the referrals where investigations have concluded are detailed in Appendix 1.

3. POLICY UPDATE

- 3.1 The following polices are to be reviewed in 2020/21. Their content will then be subject to an audit review as part of the internal audit plan for the year.
- Money laundering
 - Whistleblowing
 - Fraud Strategy

4. JOINT WORKING WITH THE DEPARTMENT FOR WORK AND PENSIONS (DWP)

- 4.1 The Council is working in partnership with the DWP on joint investigations and prosecutions whereby Council Tax Reduction fraud will be included along with DWP benefit fraud. This is voluntary for local authorities, but mandatory for the DWP where the local authority signs-up. There is no funding from DWP, nor is there a Service Level Agreement, however, there is a Data Sharing Agreement.
- 4.2 As any Council Tax Reduction “overpayment” will be included with the DWP overpayment, this may increase the likelihood of a sanction or prosecution. There will be no cost to the council where there is a prosecution.
- 4.3 For 2019/20 there were 6 cases on joint working with DWP, all cases are on-going.

5. NATIONAL FRAUD INITIATIVE

- 5.1 The council undertakes the Cabinet’s office National Fraud Initiative data match and completed the review in January 2020. We targeted those referrals considered high risk of fraud.
- 5.2 The breakdown of data matches is as follows:

Area	No. of matches
Internal (payroll/pension/procurement)	10
Housing Estates (non-residence/deceased/right to buy)	81
Housing Options (waiting list)	169
Revs & Bens (non-residence/entitlement/income)	1,061
Finance (duplicate creditors)	994
HMRC – capital, property ownership	282

- 5.3 From the matches 858 were checked, with 17 matches still being investigated, primarily pension payments. The results to date have identified non-entitlement to Council Tax Reduction of £11,964.

6. SINGLE PERSON DISCOUNT REVIEW

- 6.1 In partnership with Northgate Public Services we undertook a review of 20,499 council tax accounts that have a 25% single person discount. From the initial review 3,774 accounts were contacted to clarify the number of occupants.
- 6.2 Following the exercise 400 accounts had their Single Person Discount ended with a value of £96,081.

7. TRAINING

- 7.1 We are reviewing the e-learning training module. There is also attendance at the Hampshire Fraud Group to keep updated on any changes.

8. FRAUD RISK REGISTER

- 8.1 As part of promoting a counter fraud culture and to raise awareness each service was asked to consider and complete a fraud risk register for their service. This meant Service Managers reviewing their service to identify potential risks, the controls in place and if any controls are required.
- 8.2 The survey generated discussions with many Service Managers to ensure full understanding and completion and for a thorough review of the risks of fraud. We have received completed surveys from all but three services.
- 8.3 The surveys will be reviewed fully in due course to identify any areas for improvements or omissions.
- 8.4 The Fraud Risk Registers will be reviewed annually by each Service Manager.

9. PUBLICITY

- 9.1 We continue to publicise fraud where appropriate.

10. FUTURE ACTIVITIES

- 10.1 We are due to undertake Procurement Card Holder training in partnership with Internal Audit. Training is currently only undertaken when initially authorised to use the cards so introducing training on a cyclical basis will ensure this is kept up-to-date.

11. RECOMMENDATION

- 11.1 It is recommended that Audit Committee note the contents of this report.

Appendix 1 - Results for 2019/20

Allegation/Investigation	Result	Resulting action or penalty
Use of mobile phone	Management to deal with issue due to health issues of staff.	Management Issue
False Travel Claims	Overclaimed expenses £20.25	Management Issue
DWP Investigation - Living Together	Living Together decision made – ESA overpayment of £55,646.37. Overpayment of Housing Benefit of £35,629.64 and non-entitlement to CTR of £7,948.16 Claim cancelled going forward.	DWP decision not to prosecute
Homeless application - had alternative accommodation	Refused emergency Accommodation	No further action but we did give financial assistance to secure privately rented property through deposit scheme.
Undeclared capital	Overpayment of Housing Benefit of £3,675.10 and CTR non entitlement of £256.51 Claim cancelled. Still investigating an earlier period.	Referred to DWP
Undeclared partner	Ongoing Investigation - Claim cancelled	
Undeclared income	Overpayment of Housing Benefit £2,909.44 and non-entitlement to CTR of £797.53	Civil Penalty of £70
Undeclared earnings for partner	Overpayment of Housing Benefit of £3,232.04 and non-entitlement to CTR of £231.25	Civil Penalty of £70
Undeclared earnings	Overpayment of Housing Benefit of £16,330.00 and non-entitlement to CTR of £1,374.57	Administrative Penalty of £687.28
NFI – Pension Payment of £33k	Non entitlement to CTR of £413.65	Civil Penalty of £70
NFI - Pension Payment of £33k	Overpayment of Housing Benefit of £6,873.68 and non-entitlement to CTR of £1,336.46.	None
Undeclared Capital	Overpayment of Housing Benefit of £ 807.40 and non-entitlement to CTR of £120.02	Civil Penalty of £70