

AUDIT COMMITTEE – 2 JULY 2021

FRAUD – ANNUAL REPORT 2020/21

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 2020/21.
- 1.2 The Corporate Fraud and Compliance Officer is 0.53 of a Full Time Equivalent.
- 1.3 COVID has had an impact on fraud activities during 2020/21, with interviews being suspended.
- 1.4 The Corporate Fraud and Compliance Officer supported the Benefits team during April, May and June due to increased workloads, and supported the Revenues Team with the administration of Business Support Grants.

2. FRAUD REFERRALS

- 2.1 In 2020/21 there have been 62 fraud referrals received relating to Housing Benefit, Council Tax Reduction or Housing. Two internal investigations were also conducted. Referrals are received via Department for Work and Pensions, our website, by phone to our dedicated line, or internally from staff. The category of referral is shown within the following table:

Type of referral	No of referrals	Ongoing cases	Closed cases
Living Together	28	14	14
Undeclared Capital	5	1	4
Undeclared Earnings	15	5	10
Household composition	11	4	7
Housing Tenancy	1	0	1
Internal	2	0	2
Total Referrals	62	24	38

- 2.2 Following investigations there has been a total of £973.27 in Council Tax Reduction non-entitlement. This resulted in a £70.00 Civil Penalty being issued and paid.
- 2.3 An allegation of non-residency of a council property was received and investigated jointly with Housing which resulted in the tenant surrendering the tenancy, freeing up a property for allocating to the Homeseach register.
- 2.4 The outcome of the referrals where investigations have concluded are detailed in Appendix 1.

3. POLICY UPDATE

3.1 The following policies have been reviewed and will be brought to the next Audit Committee:

- 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 Due to COVID DWP suspended investigations in 2020/21, however, this is due to resume soon.

5. NATIONAL FRAUD INITIATIVE

5.1 The council undertakes the Cabinet Office National Fraud Initiative which is an exercise that matches data within and between public and private sector bodies to prevent and detect fraud. We received our latest data-matches in January 2021 and have commenced reviewing these. We target referrals considered to be high risk of fraud.

5.2 The breakdown of data matches is as follows:

Area	No. of matches
Internal (payroll/pension/procurement)	32
Housing Estates (non-residence/deceased/right to buy)	106
Housing Options (waiting list)	16
Revenues & Benefits (non-residence/entitlement/income)	489
Finance (duplicate creditors)	195
HMRC – capital, property ownership	TBC
Business Grants	38
Total	876

5.3 From the matches to date, 118 have been checked, with 758 matches still to be reviewed and investigated where appropriate. The results have identified one Council Tax Reduction claim with undeclared earnings, detailed in 2.2 above.

6. BUSINESS SUPPORT GRANTS

- 6.1 In response to COVID the council has administered various grants to support businesses. The application form had in-built security checks to minimise fraudulent claims. We have used Spotlight and NFI data-matching software to check eligibility to over 5,000 grant applications and contacted businesses where discrepancies or criteria were not met, for example a business was insolvent or subject to a striking off notice.
- 6.2 Investigations were also undertaken from referrals from Economic Development to ensure eligibility. One such investigation resulted in a grant being recovered to which there was no entitlement.
- 6.3 We received regular updates from Hampshire County Council on known fraudulent applications identified from across the country and checked our records. Three grants totalling £60,000 were paid to an organised fraudster, operating nationally, with details being known after the payment. This was reported to the National Anti-Fraud Network. We also received two applications for the Additional Restrictions Grant from claimants confirmed to be fraudsters, however, due to our robust pre-payment checks these applications had already been refused.

7. TRAINING

- 7.1 We are reviewing the e-learning training module and this will be published to staff for mandatory completion during 2021/22.
- 7.2 All 80 staff who are Procurement Card holders received training during 2020/21.
- 7.3 There is attendance at the Hampshire Fraud Group to keep updated on any changes and to discuss training, new initiatives, and good practices.

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 of fraud, the controls in place and if any controls are required to eliminate or mitigate fraud.
- 8.2 Service Managers are responsible for reviewing their Fraud Risk Register as part of the annual review process to ensure accuracy and to reflect any changes to service delivery.

9. PUBLICITY

- 9.1 We continue to publicise fraud where appropriate and let it be known that we act on information shared with us.

10. FUTURE ACTIVITIES

10.1 We will be reviewing our website to include a central fraud landing page with links to services, for example Housing, to provide information and how to report fraud, as well as information about scams. We will also utilise social media to promote awareness.

11. RECOMMENDATION

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

Further Information:

Ryan Stevens

Service Manager – Revenues and Benefits

ryan.stevens@nfdc.gov.uk

Appendix 1 - Results for 2020/21

Allegation/Investigation	Result	Resulting action or penalty
Internal Investigation	Member given guidance on protocols.	Advice given
Whistleblowing	Considerations & Action Plan drawn up.	
NFI undeclared Earnings for CTR	Non entitlement to Council Tax Reduction of £973.27	£70 Civil Penalty issued
Housing Non-residency	Investigation undertaken & tenant was visited at home which established tenant was not living in property as main residence.	No penalty as tenancy surrendered and savings made on property recovery, national estimate £18.000
Application for Additional Restrictions Grant	Non-eligibility to the grant	Invoice sent for £1,000
Small Business / Discretionary Grant – Matching with other LA	NFDC Grant issued correctly	NFDC Grant issued correctly but a grant at another council may be recovered
National level fraud relating to Non-entitlement to Retail, Hospitality and Leisure Grant	Three cases identified at NFDC totaling £60,000	Reported to National Anti-Fraud Network.