

AUDIT COMMITTEE – 29 JULY 2022

FRAUD – ANNUAL REPORT 2021/22

1. RECOMMENDATION

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

2. INTRODUCTION

- 2.1 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 2021/22.
- 2.2 The pandemic continued to have an impact on fraud activities during 2021/22, with interviews being suspended.
- 2.3 The Corporate Fraud and Compliance Officer (0.56 FTE) supported the Revenues, Benefits and Economic Development Teams with the administration of Business Support Grants and payments to those having to self-isolate.

3. FRAUD REFERRALS

- 3.1 In 2021/22 there have been 63 fraud referrals received relating to Housing Benefit, Council Tax Reduction or Housing. 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	7	21
Undeclared Capital	2	0	2
Undeclared Earnings/Pension	16	4	12
Household composition	13	2	11
Housing Tenancy	2	1	1
Grants	2	0	2
Total Referrals	63	14	49

- 3.2 Following investigations there has been a total of £8,616.58 in Housing Benefit and £4,313.23 in Council Tax Reduction non-entitlement. Two Civil Penalties have been issued and paid.
- 3.3 An allegation of non-residency of a council property was received and investigated jointly with Housing, which is ongoing, and one Right To Buy application was refused following investigations, as well as a placement into emergency accommodation.

4. POLICY UPDATE

4.1 The following polices were reviewed and approved during 2021/22:

- Money laundering
- Whistleblowing
- Fraud Strategy

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

5.1 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.

5.2 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.

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

6. NATIONAL FRAUD INITIATIVE

6.1 The council partakes in the Cabinet Office National Fraud Initiative which is a biennial exercise that matches data within and between public and private sector bodies to prevent and detect fraud. There is a legal obligation to supply data but not to undertake the exercise. We received our latest data-matches in January 2021 and we target referrals considered to be high risk of fraud.

6.2 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

6.3 From the matches to date, 275 have been checked, with 601 matches still to be reviewed and investigated where appropriate (high risk only).

6.4 During 2021/22 there was an additional data matching exercise on business support grants. Following further investigation two business grants totalling £20,000 were identified as ineligible and invoices have been issued to recover the sums.

7. BUSINESS SUPPORT GRANTS AND PAYMENTS TO HOUSEHOLDS

- 7.1 In response to the impact of the pandemic 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 2,005 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.
- 7.2 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.
- 7.3 We received regular updates from varying sources, including the Southern Internal Audit Partnership, on known fraudulent applications identified from across the country and checked our records.
- 7.4 The Test and Trace Support Payments supported those on a low income who were required to self-isolate, were unable to work from home, and would lose income as a result. The application form and process had in built security checks and one application was refused following an investigation. The Corporate Fraud Officer undertook a sample of payments to ensure accuracy of awards and found processes had been followed and payments made correctly.
- 7.5 The £150 Energy Rebate scheme was announced to support households in council tax bands A to D with the cost of living. In developing the application process a fraud risk review was undertaken with recommended actions to mitigate fraud and error.

8. TRAINING

- 8.1 We have implemented a new e-learning training module which was launched in September 2021, with an email issued to staff requesting completion. To date 330 staff have completed the training.
- 8.2 Information Officers were reminded of the Money Laundering policy and procedure.
- 8.3 There is attendance at the Hampshire Fraud Group to keep updated on any changes and to discuss training, new initiatives, and good practices.

9. FRAUD RISK REGISTER

- 9.1 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.

9.2 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.

10. PUBLICITY

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

11. FUTURE ACTIVITIES

11.1 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.

Further Information:

Ryan Stevens

Service Manager – Revenues and Benefits

ryan.stevens@nfdc.gov.uk