

Report of the Head of Corporate Assurance

AUDIT AND GOVERNANCE COMMITTEE – 20th March 2024

CORPORATE ASSURANCE TEAM (ANTI-FRAUD) PROGRESS REPORT

1. **Purpose of this report**

- 1.1 This report provides the Audit and Governance Committee with an account of the work of the Corporate Assurance (Anti-Fraud) Team from 1st November 2023 to 29th February 2024.

2. **Background information**

- 2.1 This progress report highlights the work undertaken in respect of fraud management and investigations from 1st November 2023 to 29th February 2024.
- 2.2 Following a team restructure from 1st January 2024, the team consists of one full time Senior Corporate Assurance Officer (Investigations) and one Corporate Assurance Manager with Corporate Anti-Fraud within their portfolio, with support from the Corporate Assurance Officers as and when required.

3 **Recommendations**

3.1 **It is recommended that:-**

- I. **The Audit Committee notes the progress report covering the period 1st November 2023 to 29th February 2024.**
- II. **The Audit Committee continues to receive regular progress reports on internal and external fraud investigated by the Corporate Anti-Fraud function.**

4 **Local Area Implications**

- 4.1 There are no Local Area Implications arising from this report.

5 **Consultations**

- 5.1 All corporate assurance reports are discussed with the main client. Individual corporate assurance reports are provided to the appropriate Executive and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

6 **Compatibility with European Convention on Human Rights**

- 6.1 In the conduct of investigations, the Corporate Assurance Team operates under the provisions of the Data Protection Act 2018, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016, and the Police and Criminal Evidence Act 1984.

7 Reduction of Crime and Disorder

- 7.1 An inherent aspect of counter fraud work is to prevent, detect and investigate incidents of fraud, theft, and corruption. The control issues arising from Corporate Assurance investigations have been considered to ensure improvements in overall controls. Additionally, the Corporate Assurance Team ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.
- 7.2 Counter fraud work is carried out in compliance with criminal and civil law and criminal investigation procedures relevant to investigation work including: the Police and Criminal Evidence Act (PACE) 1984, the Criminal Procedure and Investigations Act (CPIA) 1996, the Regulation of Investigatory Powers Act (RIPA) 2000, the Public Interest Disclosure Act (PIDA) 1998 and relevant Employment Law, Fraud Act 2006, Proceeds of Crime Act 2002, and Prevention of Social Housing Fraud Act 2013.
- 7.3 Where an investigation occurs that identifies a potential criminal offence, the matter is always referred to the police.

8 Risk Management Considerations

- 8.1 Failure to have robust counter fraud arrangements will increase the Council's susceptibility to fraud and will result in loss of public money.

9 Employee Implications

- 9.1 All employees are under an obligation through their contracts of employment to be honest and adhere to the Code of Conduct.

10 Financial Implications

- 10.1 The structure and budget that the Corporate Assurance Team Anti-fraud work operate within has proven successful and provides sufficient resource required to carry out an efficient value for money services.
- 10.2 Identifying a definite amount to be recognised as the impact of the Corporate Assurance Team Anti-fraud work is difficult beyond such results as the single person discount and other benefit work. Much of the Anti-fraud work is focussed on avoiding loss. The NFI produce an 'Outcomes Calculation Methodology' document that seeks to put a value on the results of 'fraud avoidance'. For example:

£575 per blue badge cancelled to reflect lost parking charges
£93,000 per property recovered through tenancy fraud
£72,000 per Right to Buy application withdrawn

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Corporate Assurance Team Anti-Fraud Progress Report

Audit and Governance Committee

20th March 2024

CORPORATE ASSURANCE TEAM ANTI-FRAUD PROGRESS REPORT

1st November 2023 to 29th February 2024

Purpose of this report

The purpose of this report is to provide an account of counter fraud work undertaken by the Corporate Assurance Team during the period 1st November 2023 to 29th February 2024.

Proactive Anti-Fraud and Corruption Activity 2023/24

Acknowledging and Preventing Fraud

The final Anti-fraud awareness e-learning module (Procurement Fraud Risk Awareness Module 4 - Contract Management) has now been added to the e-learning system.

The aim of these short courses is to enable officers to understand what procurement fraud is, improve awareness of fraud risks, recognise potential warning signs that procurement fraud may be occurring, understand how officers can reduce the risk of and how to report a suspected procurement fraud.

Fraud Awareness Week

The Council participated in Fraud Awareness Week (12th to 18th November 2023). Led and co-ordinated by the Corporate Assurance Team, several Council departments including Trading Standards, IT, Community Safety and Neighbourhood Services, Licensing, and Berneslai Homes participated in the “Fraud: Spot it, Stop it” campaign.

Representatives from the above teams raised awareness of fraud risks to officers during drop-in sessions at Westgate and Smithies Depot.

Counter fraud advice was shared with members of the public at a “Fraud: Spot it, Stop it” stall located in the Council’s indoor market on Friday 17th November.

Attendance at the following ‘drop-in’ sessions were as follows:

- Westgate Plaza – 2
- Smithies Depot – 17
- Barnsley Market – 32

Fighting Fraud Together themed articles were published throughout Fraud Awareness Week on the Council’s Intranet. These included:

- Social Engineering
- Phishing
- Recruitment Fraud
- Stepping Up Security
- Procurement Fraud
- Payment Fraud
- Reporting Fraud
- Fraud Against the Council
- Top Tips
- Round Up

Officers were also encouraged to complete the various Pod e-learning counter fraud modules.

Stop! Think Fraud Campaign

The Stop! Think Fraud campaign is an initiative recently launched by the UK Government to help individuals and organisations protect themselves from fraud. The campaign provides information on common types of fraud, such as investment scams, pension scams, and online shopping fraud, and offers practical advice on how to avoid falling victim to these scams. By being vigilant and following the advice and guidance provided by the campaign, individuals and organisations can take steps to reduce their risk of being targeted by fraudsters. Staff were encouraged in the corporate newsletter to visit the campaign website to learn more about how to protect themselves and the Council from fraud.

National Fraud Initiative (NFI)

The total monetary value of the fraud and error identified as at the end of February 2024 amounts to £8,583.14. A breakdown is shown below:

Subject	Monetary Value	Number of Cases	Recovery Action
CT Reduction Scheme to Pensions	£6,460.89	3	Recovery of amount ongoing
CT Reduction Scheme to HMRC Earnings/Capital	£2,122.25	1	Recovery of amount ongoing
Total Overpayments	£8,583.14	4	

*The NFI Outcomes Methodologies calculate estimated savings by multiplying the annual council tax discount by 2 years.

Counter Fraud Checks

The Corporate Assurance Team continue to provide counter fraud checks of submitted Right to Buy (RTB) applications. These checks, including financial and residential verification, provide assurance that the claims/applications are genuine and bona fide.

The Corporate Assurance Team has undertaken checks against 18 RTB applications during period. All were closed with no evidence of fraud.

Detecting and Investigating Fraud

Council Tax Exemption Review - CLASS N: All occupiers are students.

The following results have been obtained to date from the ongoing exercise Student Exemptions exercise:

Outcome	Number
Number of matches checked	48
Number of challenge letters issued	11
Number of Council Tax Amendments	10
Monetary value added back to CT	£15,871.16

Review letters resulted in 10 changes to council tax liability to date and £15,871.16 being raised across the accounts.

Emerging Fraud Risks

Chargeback fraud occurs when a fraudster makes an online payment often using stolen or cloned credit cards, and then requests a chargeback from the issuing bank.

National Anti-Fraud Network (NAFN) alerts indicate that Council Tax has been an area targeted by this fraud. Chargebacks could be used to fraudulently generate funds from the Council, where the initial card utilised is stolen, payment made, and refunds are made (by alternative means) prior to the chargeback being requested.

The Corporate Assurance Team continue to receive fraud alerts from the National Anti-Fraud Network (NAFN). These alerts, covering a range of frauds against local authorities and schools, are shared within the Council, via the Intranet or the specific service area, and externally via Corporate Communications.

Background Papers

Various previous Audit Committee reports

CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT
1st November 2023 to 29th February 2024

Summary of Reactive Work (November – February)

Fraud Type	Investigations Closed	In Progress	Total
Blue Badge	0	1	1
Council Tax Liability	0	4	4
Council Tax SPD	5	4	9
Council Tax Discounts	2	1	3
Housing Benefit	1	0	1
Council Tax Reduction Scheme (CT Support)	2	8	10
Internal Investigations	1	4	5
Financial Investigations	0	2	2
Tenancy Fraud	3	18	21
Right to Buy	18	0	18
Total	32	42	74