

**Report of the Head of Internal Audit,
Anti-Fraud and Assurance**

AUDIT AND GOVERNANCE COMMITTEE – 15TH NOVEMBER 2023

CORPORATE ANTI-FRAUD TEAM 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 Anti-Fraud Team from 1st April 2023 to 31st October 2023.

2. Background information

2.1 The Audit and Governance Committee received details of progress in the Annual Fraud Report presented at the July meeting. This progress report highlights the work undertaken in respect of fraud management and investigations during the first seven months of 2023/2024.

2.2 The team has had reduced resources for a number of months due to the long-term absence of one officer and a second moving to a different role within the Council.

3 Recommendations

3.1 It is recommended that:-

- I. **The Audit Committee notes the progress report covering the period 1st April to 31st October 2023.**
- 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 audit reports are discussed with the main auditee. Individual audit 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 Anti-Fraud 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 audit investigations have been considered to ensure improvements in overall controls. Additionally, Internal Audit Services 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 998 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 CAFT operate within has proven successful and provides sufficient resource required to carry out an efficient value for money anti-fraud service.
- 10.2 Identifying a definite amount to be recognised as the impact of the CAFT is difficult beyond such results as the single person discount and other benefit work. Much of the work of CAFT 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

Contact Officer: Head of Internal Audit, Assurance and Anti-Fraud
Email: robwinter@barnsley.gov.uk
Date: 3rd November 2023

Corporate Anti-Fraud Team Progress Report

Audit and Governance Committee

15th November 2023

CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT 2023/23

1st April 2023 to 31st October 2023

Purpose of this report

The purpose of this report is to provide an account of counter fraud work undertaken by Internal Audit's Corporate Anti-Fraud Team during the period 1 April 2023 to 31 October 2023.

Proactive Anti-Fraud and Corruption Activity 2023/24

Acknowledging and Preventing Fraud

A suite of four anti-fraud awareness e-learning modules focussing on procurement fraud risks have been developed. Modules 1-3 have recently been added to the Council's e-learning system and module 4 is in the final stages of testing:

- Procurement Fraud Risk Awareness Module 1 - General
- Procurement Fraud Risk Awareness Module 2 - Pre-tender Stage
- Procurement Fraud Risk Awareness Module 3 - Tender and Award
- Procurement Fraud Risk Awareness Module 4 - Contract Management

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 is again participating in Fraud Awareness Week (12th to 18th November). Led and co-ordinated by the CAFT, several Council departments, including Finance, Trading Standards, IT, Community Safety and Neighbourhood Services, Licensing, and Berneslai Homes are participating in the "Fraud: Spot it, Stop it" campaign.

A different fraud theme is to be published each day throughout the week on the Council's Intranet. Officers will also be encouraged to complete the various Pod e-learning counter fraud modules.

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

Counter fraud advice will be 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.

Outcomes and feedback from Fraud Awareness Week will be provided to the Audit and Governance Committee in the next counter fraud report.

National Fraud Initiative (NFI)

Datamatches in respect of the 2022/23 exercise were received in January 2023. There is no requirement for all matches to be investigated and, to assist with the prioritisation of investigations, matches are categorised high, medium, or low risk. Some matches appear in more than one report e.g., a match may relate to a housing benefit claimant who also

appears in a council tax support data match report. Improvements to the NFI website enable these matches to be investigated at the same time to avoid duplication of work.

The total monetary value of the fraud and error identified as at the end of October 2023 amounts to £23,278.00.

A breakdown for this period is shown below:

Subject	Monetary Value	Number of Cases	Recovery Action
Pension payments	£10,735.00	3	Recovery of amount ongoing
Duplicate creditor payments	£12,543.00	4	Recovery action is being arranged.
Total Overpayments	£23,278.00		

The issues relating to pension payments arose where matches highlighted that an individual in receipt of a pension had died, unknown to the Council.

The four duplicate payments occurred as follows:

- A £1,716.60 to the Council's insurers was duplicated as part of the migration to a new insurance system.
- During 2021/22 the Council supported small local businesses with grants to improve the shop fronts. Three grants totalling £10,827 were duplicated in error.

The Cabinet Office also requires council tax and electoral register data to be matched annually in order to identify potential single person discount fraud or error. Matches in respect of the latest exercise (December 2022) have resulted in an additional £32,606.20 being raised across 43 council tax accounts with potential savings of £34,477.52*.

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

Counter Fraud Checks

The CAFT continue to provide counter fraud checks of submitted Right to Buy applications. These checks, including financial and residential verification, provide assurance that the claims/applications are genuine and bona fides.

CAFT has undertaken checks against 51 RTB applications during the financial year to date. A summary of these referrals is shown below.

Details	Number
No evidence of fraud	50
Application refused	1
Total	51

Detecting and Investigating Fraud

Council Tax Exemption Review

The CAFT are in the final stages of undertaking a review of 143 accounts exempt from council tax.

The following results have been obtained to date:

Outcome	Number
Continued entitlement to the same exemption	73
Change in circumstance identified (This may be a different type of exemption or a change to liability)	58
Other queries	12
TOTAL	143

Review letters resulted in 24 changes to council tax liability and £37,544.36 being raised across the accounts.

The CAFT carried out visits to 57 properties where no response had been received from either a review letter or no third-party contact details were available. These visits resulted in a further 16 changes in circumstances being identified with £58,694.42 additional charges being raised across eight accounts.

Land Registry queries were undertaken against 32 properties. These checks resulted in seven accounts being amended with an additional £29,062.91 being raised against these accounts.

The cancellations to date (39 accounts) have resulted in an additional £125,298.69 being raised across the identified CT accounts.

The Team are still attempting to establish ownership and liability in respect of 12 properties.

Emerging Fraud Risks

Feedback from national and regional working groups indicate an emerging fraud risk of "moonlighting". This term is used to describe working at a second job besides your regular employment.

Taking secondary employment is not necessarily a breach of the Code of Conduct. However, all employees are required to declare dual/multiple employment to their line manager in accordance with the Working Time Regulations Policy. It is not unusual for an employee who works office hours to have a part-time evening or weekend job, so long as it does not affect their contractual working hours. However, it becomes theft of time and fraud when an employee knowingly collects two full-time salaries but split their hours, so they only work 50% of the time for each one.

The pandemic created this risk when it normalised working from home and hybrid working. While this increases flexibility, it also creates new types of risks when particularly during a cost-of-living crisis, a second income becomes more attractive.

The Principal Auditor (Corporate Anti-Fraud) is a member of several counter-fraud

networks and a small number of local authorities have identified instances where a Council employee has been fraudulently working simultaneously (full-time) for other organisations. Examples include a solicitor working for two different public sector organisations and a housing employee also working full-time for a housing association. A digital investigation within the NHS found 15 FTE contractors working on other jobs.

London members of the Fighting Fraud and Corruption Locally Regional Operations Group are planning a data-matching exercise in collaboration with several employment agencies to prevent and detect fraudulent moonlighting. The findings will be reported to the operations group at the next meeting.

The CAFT continue to receive fraud alerts from the National Anti-Fraud Network. 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 April 2023 to 31st October 2023**Summary of Reactive Work**

Fraud Type	b/f from 22/23	Referrals Received	Referrals Total	Referrals Accepted	Referrals Rejected	Investigations Closed	In Progress	Frauds No.	Prosecutions No.	Other Action	Value	Notional
Blue Badge	2	4	6	6		5	1					
Business Rates	2	0	2	2		2	0					
Council Tax Liability	1	7	8	8		4	4					
Council Tax Exemptions	1	1	2	2		1	1					
Council Tax SPD	0	53	53	31	22	24	7			Overpayment only	£4,665.19	
CTRS	10	32	42	40	2	26	12			Overpayment only	£14,738.15	
Housing Benefit	2	4	6	2	4	6						
Insurance	1		1	1		1				Application refused	£1,220.36	
Tenancy	19	27	46	38	8	30	16			2 properties recovered 2 successions refused		£372,000
Adult Social Care	1	1	2	2		1	1					
Children's Services	1		1	1		1						
Internal	1	1	2	2		0	2					

Figures used for notional savings are:

(i) Council property recovered = £93,000 (figure recommended by Cabinet Office)

NB: The above does not reflect the extent of recovery of any savings