

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

**AUDIT COMMITTEE – 3<sup>rd</sup> June 2020**

**ANNUAL FRAUD REPORT 2019/20 and COUNTER FRAUD PLAN 2020/21**

**Executive Summary**

- i. The Corporate Anti-Fraud Team supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.
- ii. The Team continues to provide the Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- iii. This report provides the Audit Committee with an account of counter fraud activity undertaken during 2019/20 and outlines a summary of the proposed counter fraud plan for 2020/21.

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**ANNUAL FRAUD REPORT 2019/20 AND COUNTER FRAUD PLAN 2020/21**

**1. Purpose of the Report**

- 1.1 This report provides an account of counter fraud related activity undertaken by Internal Audit's Corporate Anti-Fraud Team during the period 1 April 2019 to 31 March 2020.
- 1.2 The report also informs the Audit Committee of the Corporate Anti-Fraud Team's plan for 2020/21.

**2. Recommendations**

**2.1 It is recommended that:**

- i. **The Audit Committee considers and comments upon the Annual Fraud Report as part of its monitoring role;**
- ii. **The Corporate Anti-Fraud Team (CAFT) plan 2020/21 is agreed, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the plan flexibly, allowing for planned proactive or detective days to be diverted to reactive investigation work as required;**
- iii. **The Audit Committee receive regular monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance to demonstrate progress against the plan including information where the plan has materially varied from the original plan; and**
- iv. **Continue their support in embedding a culture of zero tolerance and high levels of awareness regarding fraud and corruption.**

**3. Background**

- 3.1 As a major employer continually seeking to change and transform how it delivers services, and one that is engaged in a range of partnerships and activities, the Council is inherently vulnerable to acts of fraud, corruption or irregularity committed both from within and outside the Council.
- 3.2 To safeguard public funds and ensure these funds are used for their intended purpose the Council has a zero-tolerance approach supported by a strong policy statement and commitment to tackling fraud and corruption. This is backed up by various policies, procedures and codes linked to the

Anti-Fraud and Corruption Strategy to help ensure that the people of Barnsley and stakeholders have confidence that the affairs of the Council are conducted in accordance with the highest standards of probity and accountability and that Members and officers demonstrate the highest standards of personal and professional honesty and integrity.

- 3.3 It is of course an unrealistic expectation to remove and avoid all fraud or loss from an organisation, and particularly one as big and diverse as a local authority. However, with a concerted effort from elected members, senior management and all employees it is reasonable to expect that we can reduce and ultimately minimise the incidence and impact of fraud and corruption and thus ensure valuable resources can be used for front line services.
- 3.4 The Audit Committee have received update reports summarising work undertaken in respect of anti-fraud work and investigations.
- 3.5 Senior managers continue to be aware and accept that anti-fraud and corruption measures start with them. Internal Audit and the Corporate Anti-Fraud Team provide an important advisory and guiding role but cannot assume the responsibility for operational anti-fraud controls within services and systems.
- 3.6 In 2019/20 the Corporate Anti-Fraud Team had a total budgeted plan of 578 days. Preventative anti-fraud work undertaken totalled 157 days, reactive investigations totalled 395 days and a further 20 days were allocated to Internal Audit work and external clients.
- 3.7 The 2020/21 operational work programme has been developed to ensure the resources of the CAFT are utilised in an efficient, effective and accountable way. This work programme will be reviewed continually to reflect fraud trends, emerging risks and the general workload.
- 3.8 The following sections summarise the corporate pro-active counter fraud activity and reactive investigation work undertaken during the year and the key features of the 2020/21 plan. A separate section is also included explaining how the CAFT is supporting the Council's response to the COVID-19 pandemic.

#### **4. Proactive Anti-Fraud and Corruption Activity 2019/20**

##### **Acknowledging and Preventing Fraud**

- 4.1 Fraud prevention in the Council means ensuring that sound policy and procedural measures are in place in all Council departments. Internal Audit and the Corporate Anti-Fraud Team continuously review the Council's systems to identify areas of high fraud risk. Follow-up audits or themed anti-fraud audits are undertaken in all departments where recommendations have been made to improve the controls within those systems.

## National Fraud Initiative (NFI)

- 4.2 The NFI is a biennial, mandatory, data matching exercise which all UK local authorities must participate in. The aim of the exercise is to identify possible cases of fraud, error and overpayments within public bodies, e.g. local authorities, central government, the NHS. The Council has routinely participated in this initiative from its inception in 1996/97.
- 4.3 Work on the 2018/2019 NFI datamatches is now being reduced as the 2020/21 exercise is due to commence later this year.
- 4.4 A total of 16,238 matches have been received and 4,754 have been processed. There is no requirement for all matches to be investigated and, to assist with the prioritisation of investigation, matches were 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 2018/19 NFI website enabled these matches to be investigated at the same time to avoid duplication of work.
- 4.5 Investigation work cleared 4,395 matches as 'no issue'. Council records relating to 349 matches were amended due to error and 8 frauds (housing benefit and council tax support) have been detected. A further 99 cases remain ongoing and these mainly relate to potential joint working investigations with the DWP.
- 4.6 A breakdown of the results from the 2018/19 exercise are shown below:

| Subject                          | Monetary Value  | Number of Cases |
|----------------------------------|-----------------|-----------------|
| Private Residential Care Homes   | £46,854         | 12              |
| Housing Benefit Overpayments     | £26,594         | 10              |
| Council Tax Support Overpayments | £8,476          | 9               |
| Pensions Overpayments            | £11,304         | 4               |
| Council houses recovered         | N/A             | 2               |
| Blue badges cancelled*           | N/A             | 290             |
| Duplicate Payments               | £175,670        | 33              |
| <b>Total Overpayments</b>        | <b>£268,898</b> | <b>362</b>      |

\*A data match between blue badge parking permits and DWP deceased report identified that 290 blue badges remained in circulation. Records have been updated to cancel the permits.

All the overpayments above have been recovered or continue to be recovered.

### Private Residential Care Homes

- 4.7 The private residential care homes overpayments arose where matches highlighted that a resident had died, unknown to the Council. Recovery of the overpayments in respect of residential care has been made from future payments to the relevant care homes.

- 4.8 The 12 overpayments related to 11 different care homes and the delay in notification to BMBC appears to be due to delays in the relevant care home informing their Head Office of the death who then advises the Council that payment should cease and is therefore a timing issue.

#### Housing Benefit and Local Council Tax Support Overpayments

- 4.9 The housing benefit and local council tax support overpayments occurred due to the claimant failing to declare a change in circumstance to the Council e.g. an increase in income.

#### Pensions Overpayments

- 4.10 These overpayments occurred where the Council had not been informed of the death of an individual who was in receipt of a pension gratuity.

#### Council Houses Recovered

- 4.11 Two houses were returned to Council stock where it was identified that the tenant was not living in the property. Both tenants terminated their Council tenancies.

#### Duplicate Payments

- 4.12 The 33 duplicate payments had not been previously identified due to problems with the Council's duplicate payments matching solution. Twenty of these (£133,579) have been recovered in full.

- 4.13 The Council has made multiple attempts to resolve the issues with the supplier without success and a tendering exercise has subsequently been undertaken to procure a new solution. The Payments Team are currently working with the new supplier to implement the solution which is due to go-live mid-June.

- 4.14 Due to the issues with the system and concerns over potential duplicate payments it was agreed to obtain an additional, one-off, creditors payments report from the Cabinet Office (via the NFI). This report was received in March 2020 and checks have been made to identify and address any duplicate payments which may have occurred since the date of the initial 2018 NFI dataset upload. The additional NFI report identified a further 38 duplicate payments totalling £184,029. Of these 36 (£181,587) have been recovered in full.

- 4.15 Invoices have been raised in respect of the remaining 15 payments and these remain outstanding:

- Original 2018/19 exercise – 13 payments (£42,091);
- Additional exercise – 2 payments (£2,442)

## HMRC Pilot

- 4.16 The NFI Team have worked with HMRC on a pilot which matches HMRC and NFI data to identify fraud. The matches target three fraud risks (undeclared property ownership, undeclared earnings and capital, and undeclared persons in a household) across a number of NFI datasets including housing benefits, council tax reduction scheme, personal budgets and residential care homes.
- 4.17 The Council received 620 matches in August 2019 which were subsequently filtered and prioritised for investigation.
- 4.18 Investigations have identified 5 cases of fraud and a further 137 have been referred to the DWP for housing or welfare benefit investigation. Overpayments totalling £14,800 have been identified.
- 4.19 Due to the national success of this pilot exercise the Cabinet Office intend extending the pilot to the 2020/21 national exercise.

## **Corporate Anti-Fraud and Corruption Policies**

- 4.20 A review of the Council's Anti-Fraud and Corruption Policy and supporting counter fraud policies was undertaken during 2019.
- 4.21 The following revised documents were presented to Audit Committee for comment in December 2019:
- Corporate Anti-Fraud and Corruption Policy;
  - Corporate Anti-Fraud and Corruption Strategy;
  - Corporate Anti-Bribery Policy;
  - Corporate Prosecutions Policy;
  - Corporate Fraud Response Plan;
  - Confidential Reporting Policy (previously known as the Whistleblowing Policy); and
  - Corporate Anti-Money Laundering Policy (and Guidance)
- 4.22 The Policies and Strategies were subsequently presented to and approved by Cabinet on 8<sup>th</sup> January 2020 and Full Council on 6<sup>th</sup> February 2020.

## **5. Reactive Fraud Work**

### **Detecting and Investigating Fraud**

- 5.1 Despite strong preventative measures, there are inevitably a minority of dishonest people who will be intent on attempting fraud finding new ways to evade preventative systems or indeed taking an opportunistic risk. When this happens, it is essential that we are able to promptly detect instances of fraud that have occurred.
- 5.2 The Council remains focused in its commitment to take all necessary action to investigate fraud and instigate appropriate sanctions.

- 5.3 All of the Corporate Anti-Fraud Team members dedicated to preventative and investigative work are professionally qualified in this area.

### **Corporate Investigations**

- 5.4 Corporate investigations are defined as fraud cases which relate to employee fraud or other third-party fraud which does not fall within a specific service area such as council tax or tenancy fraud.
- 5.5 The CAFT have conducted their own investigations or supported management with their investigation work in response to a number of alleged internal irregularities.
- 5.6 The nature of the referrals varied and included suspicions of theft, IT misuse/abuse, abuse of working hours and abuse of position.
- 5.7 Allegations relating to IT misuse/abuse and theft did not provide any evidence of such, however management have implemented controls to reduce the opportunity for fraud. An officer received a written warning for abuse of position and two others resigned during the course of the investigation.
- 5.8 In addition, the CAFT have provided advice/guidance to Council officers, schools and members of the public regarding a number of scams identified by the National Anti-Fraud Network (NAFN) to which the Council subscribes.

### **Council Tax Support (CTS) Investigations**

- 5.9 The levels of identified CTS fraud continue to be low nationally. CAFT have identified fraudulent council tax support claims of £7,268 during 2019/20 compared to £8,729 in 2018/19.
- 5.10 A summary of the Council Tax Support workload of CAFT for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 is shown below.

|   | <b>2019/20</b> | 2018/19 |
|---|----------------|---------|
|   | <b>No.</b>     | No.     |
| <b>Total number of referrals</b>                    | <b>79</b>      | 77      |
| Accepted for investigation                          | <b>8</b>       | 7       |
| Referrals not progressed                            | <b>66</b>      | 65      |
| Ongoing Investigations as at 31 <sup>st</sup> March | <b>5</b>       | 5       |

The majority of referrals were not progressed for full investigation as preliminary checks did not identify any evidence of fraud (39 cases). A further 14 were referred to the DWP due to welfare benefit implications. The remaining 13 referrals had no impact on council tax support entitlement.

- 5.11 The CAFT agreed a joint working protocol with the Department for Works and Pensions (DWP) in June 2019. This enables allegations of both housing benefit (DWP) and CTS (CAFT) to be investigation together. Costs relating

to Interviews Under Caution (transcribing or interpreter fees) and legal fees, including Court costs, will be paid by the DWP. Any resulting prosecutions will be led by the Crown Prosecution Services (as opposed to the Council's Legal Services).

- 5.12 Three allegations of CTS fraud have been referred to the DWP for potential joint working and all three were accepted. One of these has subsequently been completed and closed due to poor intelligence and two remain ongoing.
- 5.13 The DWP arrange quarterly meetings (South Yorkshire Fraud Partnership Group) to share information and discuss good practice. The CAFT are now active members of this group.

### **Council Tax**

- 5.14 CAFT have identified fraudulent council tax liability claims of £6,166 with additional savings of £3,464 since April 2019 compared to £5,737 with savings of £4,525 identified in 2018/19.

NB. The value of the fraud is the total council tax discount / liability fraudulently claimed / identified with projected savings up to the end of the current financial year. The savings record the value of the overpayment had the fraud not been identified.

- 5.15 A summary of the Council Tax workload of CAFT for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 is shown in the table below.

|   | <b>2019/20</b> | <b>2018/19</b> |
|---|----------------|----------------|
|   | <b>No.</b>     | <b>No.</b>     |
| <b>Referrals</b>                                    | <b>134</b>     | <b>209</b>     |
| Referrals not progressed                            | <b>108</b>     | <b>180</b>     |
| Overpayment only                                    | <b>19</b>      | <b>27</b>      |
| Ongoing Investigations as at 31 <sup>st</sup> March | <b>7</b>       | <b>2</b>       |

The majority of referrals were not progressed for full investigation as preliminary checks did not identify any evidence of fraud (87 cases). A further 4 were referred to the DWP due to welfare benefit implications. The remaining 17 referrals had no impact on the council tax liability/discount or were referred to another department.

### **Non-Domestic Rates**

- 5.16 The CAFT received 3 allegations of non-domestic rates fraud during 2019-2020. Two were closed as there was no evidence of fraud and one remains open awaiting further information.

### **Insurance Claims**

- 5.17 The CAFT continue to provide counter fraud checks of submitted insurance claims. These checks, including financial and residential verification, provide assurance to the Insurance Team that the claims are genuine and bona fides.



5.18 CAFT has undertaken checks against 81 insurance claims during the 2019-2020 financial year. A summary of these referrals is shown below.

|                                    | <b>2019/20</b> | 2018/19 |
|------------------------------------|----------------|---------|
| <b>Details</b>                     | <b>No.</b>     | No.     |
| No evidence of fraud               | <b>76</b>      | 82      |
| Dismissed at Court                 | <b>0</b>       | 1       |
| Claim refused – Council not liable | <b>1</b>       | 2       |
| Withdrawn by claimant              | <b>1</b>       | 1       |
| C/F to 2020-2021                   | <b>3</b>       | 2       |
| <b>Total</b>                       | <b>81</b>      | 88      |

### **Right to Buy (RTBs)**

5.19 The Corporate Anti-Fraud Team have continued to apply an enhanced fraud prevention process to all new RTB applications throughout 2019/2020.

5.20 Checks, including financial and residential verification, provide assurance that tenants are eligible to the discount and fulfil the criteria of the scheme ahead of completion of sale.

5.21 CAFT has undertaken checks against 151 RTB applications during the financial year 2019/2020.

5.22 Two of these applications have been referred to the DWP for further investigation due to the tenant being in receipt of DWP benefits and checks into a third application are still being undertaken.

|                      | <b>2019/20</b> | 2018/19 |
|----------------------|----------------|---------|
| <b>Details</b>       | <b>No.</b>     | No.     |
| No evidence of fraud | <b>148</b>     | 164     |
| Referred to DWP      | <b>2</b>       | 2       |
| Ongoing              | <b>1</b>       | 0       |
| <b>Total</b>         | <b>151</b>     | 166     |

### **Housing/Tenancy Fraud**

5.23 An investigative support service continues to be provided to Berneslai Homes to help identify potential fraudulent tenancies.

5.24 A summary of alleged tenancy fraud referrals received for investigation during 2019/2020 is shown in the table below.

|  | <b>2019/20</b> | 2018/19 |
|--|----------------|---------|
| <b>Details</b>   |                |         |
| Alleged application fraud – no evidence of fraud                     | <b>5</b>       | 13      |
| Tenancy application fraud – application refused                      | <b>1</b>       | 1       |
| Alleged non-residency – no evidence of fraud                         | <b>15</b>      | 13      |
| Property recovered due to tenant's non-residency                     | <b>5</b>       | 3       |
| Alleged fraudulent attempt to succeed tenancy – no evidence of fraud | <b>8</b>       | 4       |

|  | 2019/20   | 2018/19   |
|--|-----------|-----------|
| Prevention of false attempts to succeed tenancy                    | 2         | 1         |
| Allegation of sub-letting - no evidence of fraud                   | 3         | 4         |
| Referred back to Berneslai Homes to deal with as breach of tenancy | 0         | 1         |
| Referral forwarded to another department for further action        | 7         | 3         |
| Ongoing  | 3         | 9         |
| <b>Total</b>   | <b>49</b> | <b>52</b> |

- 5.25 The majority of the referrals were received from Berneslai Homes (28) with the remainder being received from members of the public (18), other Council departments (1). A further 2 anomalies were investigated as a result of NFI data matching.

### **Blue Badge Misuse/Abuse**

- 5.26 The CAFT have continued to investigate the misuse and abuse of blue badges in 2019/2020.
- 5.27 Blue Badge fraud can be categorised into two groups.
- Misuse of genuine badges. This means using the badge when the named holder is not present;
  - Abuse of badges. This includes using a counterfeit badge, using a lost or stolen badge or using the badge of a deceased person.
- 5.28 All successful blue badge applicants are given the DfT leaflet **The Blue Badge scheme: rights and responsibilities in England** (updated 21 August 2017) when they are issued with the blue badge. Section 2 of the leaflet provides the following information on who can use the badge:

*'The badge is for your use and benefit only. It must only be displayed if you are travelling in the vehicle as a driver or passenger, or if someone is collecting you or dropping you off and needs to park at the place where you are being collected or dropped.*

*Don't allow other people to use the badge to do something on your behalf, such as shopping or collecting something for you.*

- *You must never give the badge to friends or family to allow them to park for free, even if they are visiting you.*
- *You should not use the badge to allow non-disabled people to take advantage of the benefits while you sit in the car.*
- *It's a criminal offence to misuse a badge. This includes people other than the badge holder taking advantage of the parking concessions provided under the scheme*

- 5.29 The CAFT received 17 allegations of blue badge fraud during the 6-month period September 2019 to March 2020. In 3, no evidence was found of fraud, however 6 prosecutions were taken with a further simple caution and a warning letter issued in a further 2. Six investigations remain in progress.

## 6. Key Priorities 2020/21

6.1 In compiling the Corporate Anti-Fraud Team's Strategy the Head of Internal Audit, Anti-Fraud and Assurance (HoIA) has taken into consideration the Government's Fighting Fraud and Corruption Locally 2016-2019.

6.2 The third Fighting Fraud and Corruption Locally Strategy was launched in early May 2020. The revised strategy aims to help local authorities:

- Develop and maintain a culture in which fraud and corruption are unacceptable;
- Understand the harm that fraud can do in the community;
- Understand their fraud risk;
- Prevent fraud more effectively;
- Use technology to improve their response;
- Share information and resources more effectively;
- Better detect fraud loss;
- Bring fraudsters to account more quickly and efficiently;
- Improve the recovery of losses;
- Protect those at risk

6.3 This revised strategy expands the key objectives of the 2016-17 strategy from three to five:

The original objectives are:

- Acknowledge/deter;
- Prevent/detect; and
- Investigate/pursue.

The additional objectives are:

- Govern; and
- Protect

The Corporate Anti-Fraud Team Strategy will be revised to include the additional objectives and will be presented to Audit Committee later this year

6.4 The Corporate Anti-Fraud Team has allocated 600 chargeable days for reactive and proactive fraud work in 2020/21.

6.5 In compiling the counter fraud plan the HoIA has taken into consideration a number of factors including:

- The Cabinet Office's National Fraud Initiatives;
- The extent and scope of counter fraud activity in previous years, including previous investigations;
- Emerging national and local fraud risks;
- Covid-19 post event assurance work.

6.6 The key features of the 2020/21 Corporate Anti-Fraud plan are as follows:-

| Area of Activity   | 2020/21 Days | %          | 2019/20 Days | %          |
|--|--------------|------------|--------------|------------|
| <b>Acknowledge / Deter (112 / 109 days)</b>  |              | <b>19</b>  |              | <b>19</b>  |
| Review and update of counter fraud policy framework  | 15           |            | 15           |            |
| Provide counter fraud advice to management   | 42           |            | 36           |            |
| Increase corporate fraud awareness / publicity / benchmarking / transparency   | 35           |            | 48           |            |
| Research   | 20           |            | 10           |            |
|  |              |            |              |            |
| <b>Prevent / Detect (338 / 248 days)</b>   |              | <b>56</b>  |              | <b>43</b>  |
| Covid-19 fraud assurance work  | 60           |            | 0            |            |
| Risk based fraud reviews / audits  | 105          |            | 110          |            |
| Co-ordination of the 2020/21 NFI and investigation of subsequent data matches.   | 70           |            | 63           |            |
| Fraud Awareness Week   | 20           |            | 20           |            |
| Blue Badge Processes review  | 20           |            | 0            |            |
| Verification of Right to Buy applications  | 15           |            | 15           |            |
| Verification of Insurance Claims against the Council   | 15           |            | 15           |            |
| Verification of Disabled Facilities Grant Applications   | 10           |            | 10           |            |
| Referrals to DWP / fraud hotline referrals   | 13           |            | 10           |            |
| Corporate Fraud Risk Self Assessments 2020/21  | 10           |            | 5            |            |
|  |              |            |              |            |
| Organised Crime Procurement Audit  | 5            |            | 25           |            |
| Corporate Procurement Anti-Fraud Review  | 25           |            | 25           |            |
| Direct Payments - Counter Fraud Review - Respite   | 20           |            | 20           |            |
| Direct Payments - Third Party Payroll Provision Counter Fraud Review   | 20           |            | 20           |            |
| Direct Payment Contracts Counter Fraud Review  | 20           |            | 20           |            |
|  |              |            |              |            |
| <b>Investigate / Pursue (143 / 196 days)</b>   |              | <b>24</b>  |              | <b>34</b>  |
| Investigation of allegations of direct payment fraud. Applying appropriate sanctions on identified fraudulent claims                                 | 20           |            | 27           |            |
| Investigation of allegations of council tax discount, exemption and liability fraud. Applying appropriate sanctions on identified fraudulent claims  | 15           |            | 40           |            |
| Investigation of allegations of council tax support fraud. Applying appropriate sanctions on identified fraudulent claims                            | 17           |            | 20           |            |
| Investigation (and prosecution where appropriate) of allegations of tenancy fraud including the recovery of properties where tenancy fraud is proven | 41           |            | 53           |            |
| Investigation of allegations of blue badge abuse / misuse and applying appropriate sanctions   | 40           |            | 46           |            |
| Investigation of Right to Buy irregularities   | 10           |            | 10           |            |
|  |              |            |              |            |
| Responsive counter fraud days (7 days)   | 7            | 1          | 25           | 4          |
|  |              |            |              |            |
| <b>Total Planned Days</b>  | <b>600</b>   | <b>100</b> | <b>578</b>   | <b>100</b> |

- 6.7 The level of proactive anti-fraud work will be dependent on the volume of Covid-19 fraud assurance checks and reactive work received by CAFT. As a result, not all areas may be reviewed in 2020/21. Any areas that are still relevant will be carried forward to 2021/22.

## **7. Covid-19**

### Business Support Scheme

- 7.1 As part of its response to Covid-19 the Government announced two grant funding schemes, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.
- 7.2 As at the 10<sup>th</sup> May 2020 the Council has made payments to 3,495 local businesses totalling £38.5M in respect of the above schemes.
- 7.3 The Cabinet Office's Covid-19 Counter Fraud Response Team has worked with private organisations and public bodies to develop a toolkit to assist local authorities with post-event assurance checks.
- 7.4 The CAFT are in the final stages of preparing datasets for submission to the Cabinet Office's NFI website for the following checks:
- Bank Account Verification; and
  - Active company check
- 7.5 Datamatching will identify any anomalies in grant applications and payments which will require further investigation.

### Council Tax

- 7.6 The CAFT are supporting the Council's response to the Covid-19 pandemic by providing counter fraud advice whilst also appreciating the emergency of the crisis and getting payments and services to those in need.
- 7.7 The pandemic has seen the Council receive a significant increase in the number of applications for local council tax support. Managers with the Benefits and Taxation department have increased their resources to deal with this increase and CAFT are supporting the department by risk assessing and investigating the NFI council tax single person discount datamatches.
- 7.8 Two members of CAFT have been redeployed to Benefits and Taxation and they have already processed 265 matches. No issue was identified in 233 of these cases and 32 were found to have an incorrect discount awarded. A further 174 are currently in progress.
- 7.9 The Single Person Discounts cancelled to date have resulted in an additional £18,206 Council Tax income being raised across the identified Council Tax accounts.

- 7.10 The CAFT have also been asked to provide assurance work relating to the increase in applications for local council tax support.
- 7.11 The Council has recently subscribed to the Cabinet Office's NFI AppCheck facility which allows officers to easily check the validity of an application in real-time. AppCheck enables fraudulent or mistaken claims, including those for council tax support, to be identified before they become active. Results are immediate using a colour coded system (red, amber, green).
- 7.12 The CAFT will assist with the assurance work relating to the recent increase of local council tax support claims by verifying applications to AppCheck.

### Scams

- 7.13 Nationally, the Covid-19 pandemic has seen a significant increase in scams as criminals take the opportunity to exploit people's fears e.g. purchasing of PPE which does not exist. Criminals are also using Government branding to try to trick people, including using HMRC branding to make spurious offers of financial support through unsolicited emails, phone calls and text messages. Reports of fake websites have also been reported.
- 7.14 The CAFT receive regular fraud alerts from the National Anti-Fraud Network and City of London Police. In addition, the Fraud Advisory Panel has created a Covid-19 fraud watch group which meets weekly and shares information on emerging fraud threats.
- 7.15 The Council has created a Covid-19 advice and guidance webpage which includes a link alerting members of the public to warning of the latest scams:

[www.barnsley.gov.uk - Covid-19 Advice and Guidance](http://www.barnsley.gov.uk - Covid-19 Advice and Guidance)

Details of the latest scam alerts which may have an effect within the Council e.g. bank mandate fraud are also recorded on the Council's internal Intranet.



## **8. Performance Measures**

- 8.1 CAFT's success will be measured by:
- Monitoring the quality of corporate fraud referrals (inputs) on a quarterly basis;
  - Measure the results (outputs) and success rate of corporate investigations on a quarterly basis;

- Production of six-monthly updates and an annual report to the Audit Committee

## **9. Local Area Implications**

9.1 There are no Local Area Implications arising from this report.

## **10. Consultations**

10.1 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.

## **11. Compatibility with European Convention on Human Rights**

11.1 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 and the Police and Criminal Evidence Act.

## **12. Reduction of Crime and Disorder**

12.1 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.

12.2 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.

12.3 Where an investigation occurs that identifies a potential criminal offence, the matter is always referred to the police.

## **13. Risk Management Considerations**

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

13.2 The loss of assets and resources as a result of fraud is included within the Strategic Risk Register

## **14. Employee Implications**

- 14.1 All employees are under an obligation through their contracts of employment to be honest and adhere to the Code of Conduct.
- 14.2 There will be further guidance and opportunities for all employees to ensure their personal awareness of anti-fraud and corruption measures continues to be high. Management are charged to ensure that awareness is high and maintained.

## **15. Financial Implications**

- 15.1 There are no financial implications arising directly from this report. The costs of the Corporate Anti-Fraud Team function are included within the Authority's base budget.
- 15.2 There are financial consequences in both losses from fraud and also the cost of controls to minimise fraud. Internal Audit Services carefully assess both aspects of the financial consequences of fraudulent activity when making recommendations and advising management.

## **16. Background Papers**

- 16.1 Various previous Audit Committee reports

Contact Officer: Head of Internal Audit, Assurance and Anti-Fraud  
Email: [robwinter@barnsley.gov.uk](mailto:robwinter@barnsley.gov.uk)  
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