

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

AUDIT COMMITTEE – 15th September 2021

CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT

1. Purpose of the Report

1.1 This report provides the Audit Committee with an account of the work of the Corporate Anti-Fraud Team from 1st April 2021 to 31st August 2021.

2. Recommendations

2.1 It is recommended that:-

- i. **The Audit Committee notes the progress report covering the period 1st April to 31st August 2021.**
- ii. **The Audit Committee continues to receive regular progress reports on the work carried out by the Corporate Anti-Fraud Team.**

3. Background Information

3.1 The Audit Committee received details of progress in the Annual Fraud Report presented at the June meeting. This progress report highlights the work undertaken in respect of fraud management and investigations during the first five months of 2021/2022.

3.2 The Team comprises a Principal Auditor (Corporate Anti-Fraud) and two Senior Corporate Anti-Fraud Officers. The Team currently has a vacancy due to one of the Anti-Fraud Officers securing another role within the Council.

3.3 As part of the Council's response to the pandemic two members of the team were redeployed for a number of months to support other services during 2020. These redeployments, business support grant work and the current vacancy has resulted in a backlog of reactive work within the Team which has also impacted on the Team's pro-active work.

4. COVID-19 Counter Fraud Work

4.1 The Corporate Anti-Fraud Team has continued to play an important role in supporting the Council by conducting post event assurance work to verify that business support grants were paid to genuine and eligible businesses.

4.2 Datamatching has been undertaken via the Cabinet Office's National Fraud Initiative using Experian data to assist with bank account verification and to identify any discrepancies between the grants, Companies House records and other datasets.

4.3 Nine applications have been referred to the National Anti-Fraud Network for intelligence purposes and the Team has one ongoing investigation.

4.4 Central Government have confirmed that monthly reporting of assurance work completed is no longer required. However, they have indicated that random sampling, relating to all business grant funding schemes, will be undertaken across all local authorities within the next few months.

5. National Fraud Initiative (NFI)

5.1 The NFI is a national public sector data matching exercise. Datamatches relating to the 2021/21 exercise were received at the end of January 2021.

5.2 The Corporate Anti-Fraud Team has been responsible for filtering and investigating datamatches since April 2015, however, due to current limited resources a number of reports have been forwarded to services for checks and action:

- Berneslai Homes are dealing with all tenancy reports;
- Accounts Payable are checking creditor payment reports; and
- Benefits and Taxation are conducting council tax single person discount datamatch investigations.

5.3 Overpayments identified between April 2021 to August 2020/21 are shown below:

Subject	Monetary Value	Number of Cases
Housing Benefit	£5,749	2
Council tax single person discounts	£4,268	8
Total Overpayments	£10,017	10

6. Reactive Fraud Work

Investigations

6.1 A summary of the CAFTs reactive investigation work for the period April to August is shown at Appendix A.

Counter Fraud Checks

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

- 6.3 CAFT has undertaken checks against 14 insurance claims during the financial year to date. A summary of these referrals is shown below.

Details	No.
No evidence of fraud	11
Ongoing	3
Total	14

- 6.4 CAFT has undertaken checks against 57 RTB applications during the financial year 2020/2021. A summary of these referrals is shown below.

Details	No.
No evidence of fraud	56
Referred to DWP	1
Ongoing	0
Total	57

- 6.5 The CAFT has recently been required to complete a DVLA compliance audit regarding the obtaining of vehicle keeper records relating to blue badge fraud investigations. The audit had resulted in a 'green' rating with only one minor recommendation which has already been implemented.

7. Preventative Work

- 7.1 The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams. The Team also receives and circulates intelligence from other organisations such as the National Fraud Intelligence Bureau, CIFAS, Fraud Advisory Service and from neighbouring authorities. Schools are often targeted by fraudsters and use is made of the weekly Schools Bulletin to share fraud alerts.

- 7.2 The Principal Auditor (Corporate Anti-Fraud) is the Yorkshire and Humberside Regional Representative for the 'Fighting Fraud and Corruption Locally' National Operational Group. This group meets quarterly with the aim of identifying new and emerging fraud risks, recognising, and sharing examples of good practice.

- 7.3 Members of the CAFT also attend the:

- North and North West Organised Fraud Investigators Group which discusses the latest fraud threats and trends; and
- South Yorkshire Police District Organised Crime Group Bronze Meetings.

- 7.4 Other work in progress involves:

- participating in a corporate group to consider procurement fraud
- review and development of corporate training material through the POD system

- 7.5 The 2021/22 Fraud Awareness Week is due to take place in November. This corporate exercise is being led and co-ordinated by the CAFT and all Council

Directorates have agreed to participate. The counter fraud activities planned are being linked to the national initiative Fighting Fraud and Corruption Locally (govern, acknowledge, prevent, pursue and protect) and Barnsley 2030 (healthy, learning, growing and sustainable)

- 7.6 The progress and results of this work will be included in future reports to the Committee.

8. External Clients

- 8.1 Whilst the primary focus for the CAFT is the Council, the team also offers a counter fraud service to Internal Audit's external clients. This external work is only undertaken where it is considered to be in the best interests of both the external client and the Council in respect of competing priorities and resources.

9. Financial Implications

- 9.1 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.

- 9.2 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 about 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

- 9.3 These (and other) calculations are used to estimate the national impact of fraud. Reflecting on these figures together with the periodic results from Single Person Discount exercises demonstrates that the CAFT more than pays for itself every year in direct activity and contributes additional fraud / loss avoidance through fraud awareness training, policy review and advice.

10. Risk Considerations

- 10.1 Somewhat obviously, the process prompted by this work is focussed entirely on the effective assessment of fraud risk.

Contact Officer: Head of Internal Audit, Anti-Fraud and Assurance
Email: robwinter@barnsley.gov.uk
Date: 9th August 2021

Summary of Reactive Work

Fraud Type	b/f from 20/21	Referrals Received	Referrals Total	Referrals Accepted	Referrals Rejected	Investigations Closed	In progress	Frauds No.	Prosecutions No.	Other Action	Value	Notional
Blue Badge	2	2	4	4	0	1	3	1	1	<ul style="list-style-type: none"> • 1 prosecution • 2 cases are currently with Legal Services for prosecution 		
Council Tax	4	1	5	2	3	1	1	0	0	Liability in respect of one account was amended resulting in an increase of CT income being raised		
Council Tax SPD	1	16	17	3	14	0	3	0	0			
CTRS	6	26	32	6	26	0	6	0	0			
Housing Benefit	0	1	1	0	1	0	0	0	0			
Tenancy	10	10	20	10	10	1	9	0	0	<ul style="list-style-type: none"> •The tenancy of one property was terminated 		£93,000
Corporate	4	6	10	10	0	4	6			<ul style="list-style-type: none"> • 1 referral closed due to there being no evidence of fraud; • 1 case was referred to South Yorkshire Police; • 1 referral was forwarded to a different Service to deal with; • 1 employee received a final written warning 		