

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

1 September 2020

Fraud Prevention Report 2019/2020

1. Contacts

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2. Recommendations

- 2.1. The committee is requested to consider this report and the corporate approach to fighting fraud to ensure they fulfil their stewardship role and protect the public purse.**
- 2.2. The committee notes that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Investigations Team (CIT).**

3. Background

- 3.1** In 2018/2019 local authorities uncovered £253m of fraud, however this amount though is only the tip of the iceberg. Firstly as this is only the uncovered fraud, and secondly only 40% of local authorities employ dedicated counter fraud teams. This is due to the decision to transfer all investigators employed by local authorities to the Department for Work and Pensions from 2015. At that time the Council created the role of a Corporate Investigations Officer (CIO) so that it retained the required skills and knowledge to protect all services within the council from potential fraud with the position filled by an experienced investigator previously employed on the Housing Benefit Fraud Team. Due to an increase in the work required additional resources were added to the team from November 2017 when Assistant Corporate Investigations Officer (ACIO) was recruited. However, due to the Council's current recruitment freeze there is a 0.50FTE vacancy in this role since mid-March 2020.
- 3.2** There are a number of tasks that are the responsibility of the CIO. The National Fraud Initiative (NFI) is a bi-annual exercise that matches data from various sources both within the council and other public sector bodies. The matches are released in January and so are reviewed on a calendar year basis. The CIO is the key contact for this; ensuring that all the data is uploaded on time and that when received all the matches are reviewed by the relevant service departments and the CIO gives advice as necessary on the evaluation of any data matches. Additionally there is a yearly NFI match that looks at Council Tax payers who receive a Single Person Discount.

- 3.3 Every year the Council needs to review any long term empty homes in the district, this is because the new homes bonus paid from central government, takes into account the empty homes within the district and a reduction is made to the bonus paid. Prior to 2016, this work was outsourced at a cost of £14,305.

4. Outcomes to be achieved.

- 4.1 This report aims to give assurance on the arrangements in place for the prevention and detection of fraud within the council.
- 4.2 That there are adequate resources available to carry out all investigations and identify the risks of potential frauds across all council services.

5. Proposal

- 5.1. For councillors and others responsible for audit and governance to review the counter fraud arrangements on an annual basis.

6. Alternatives that have been considered

- 6.1. None.

7. Resource and legal implications

- 7.1. In order to fulfil legal requirements, the CIO is fully conversant with the Police and Criminal Evidence act (PACE), Fraud Act 2006 and Data Protection Act 1998. In addition has full knowledge of Regulation of Investigatory Powers Act (RIPA).

8. Consultation

- 8.1 None.

9. Community impact and Corporate risks

- 9.1 Having a Corporate Investigations Team (CIT) at Chichester District Council reassures the community that the Council is doing all it can to protect tax payers money.
- 9.2 Mitigating the risk of fraud and corruption is the responsibility of management. Corporate and service specific risks identified are recorded in a corporate risk register. Internal Audit have a four year and annual plan produced on a risk based approach which is reviewed and updated annually, thus responding to new risks as they arise. However, audit procedures alone cannot guarantee that fraud or corruption will be detected the main corporate risk to the council is one of capacity, as there is currently only one and a half FTE posts to cover all of the council's services and only the CIO is PINS accredited (or qualified). P.I.N.S (Professionalism in security) is a qualification that means the CIO is an accredited fraud officer.
- 9.3 Covid 19 has had a major impact on the investigation team. On 23 March 2020 the CIO and remaining ACIO were redeployed to the Revenues Division to assist

with the business support grants. They returned to their investigation roles on 18 May 2020. Whilst this has affected the work that will be carried out in 2020, additional resources for a 3 month period from August has been agreed with an experienced Council Tax officer being redeployed to the investigations team to assist with the NFI data matching investigations.

10. Main Report

Achievements to Date

- 10.1. In 2019 the CIO working closely with the Revenue Inspectors for the Empty Home Review project identified 163 properties that should not have been listed as long term empty as they had been brought back into use. This resulted in additional monies for the council of £243,427.
- 10.2. The CIT is responsible for looking at the NFI matches that indicate a Council Tax Single Person Discount of 25% may be incorrectly awarded. Unlike the other NFI data matches this exercise is undertaken on an annual basis. Last year (2019) the Single Person Discount database was matched against the electoral roll. The subsequent investigation of the matches found £89,099 of incorrectly awarded Single Person Discount and Council Tax Reduction. The 2019 match is currently underway. This year the check is matching against credit reference data. So far it has identified £17,516 of incorrectly awarded discounts and benefits.
- 10.3. Matches looking at Council Tax Reduction claims against various other sources were also looked at by the CIT and identified £4,607 of incorrectly awarded Council Tax Discount.
- 10.4. In 2019/20 The CIT identified a further £25,263 of incorrectly awarded Single Person Discounts, incorrectly awarded benefits and establishing new liabilities for Council Tax. These are cases where there was a referral direct from the Revenue Services team or from the public. Additionally investigations by the CIT directly led to uncovering overpayments of Housing Benefit totalling £32,615.
- 10.5. The CIT remain available for referrals from all departments, and to date the team have worked with; Housing Benefits, Revenues, Human Resources, Chichester Contract Services, Car Parks, Environmental Health, Housing and Finance. One notable case was an attempt to launder money through a business rate account. Stolen bank cards were used to pay the business rates on an empty premise. A request was made to then refund the money to a bank account. The investigation established the facts and no refund was made and the matter was passed on to action fraud. Had the refund been processed the council would have lost £3,063.

11. The Year Ahead

- 11.1. The 20120 NFI matches will continue being worked on throughout the year.
- 11.2. The Empty Home review is again being carried out during August and September.
- 11.3. In October 2018 the CIT started working jointly with the Department for Work and Pensions (DWP) on cases of fraud that affect both CDC and the DWP. A number

of investigations have already taken place. However Covid 19 has temporarily paused the joint working as DWP investigators have been moved to other duties and are unlikely to return to their roles before September. Joint interviews under caution have been postponed and cases that are with the CPS are on hold.

- 11.4. Since returning from being reassigned the CIO has mainly been occupied with looking at the business support grants that have been paid to businesses to support them in the wake of Covid 19. The CIO has carried out post payment checks on the grants due to be paid and is actively carrying out investigations where there has been an allegation that the grant should not have been paid. This is a new area of work but is likely to carry on for much of the remainder of the year in line with Government advice and guidance.
- 11.5. Future resource plans will be drawn up to identify and prioritise all counter fraud work and will establish those areas with the biggest potential savings.
- 11.6. The Council has a Whistleblowing Policy, which was reviewed and updated in April 2018. No cases were identified through this media during 2019-2020 although this does not include anonymous fraud referrals received by the CIT.
- 11.7. The CIT continues to have an important part to play in identifying potential losses and this has already been demonstrated by the savings of £398,074 that have been detailed in this report.
- 11.8. In 2019 work started with I.T. on designing a standalone case management system for the CIT using the Lagan software already purchased by the council. In March 2020 the system was at the testing stage but was paused due to Covid 19. The aim is to resume the testing later in the year.

12. Conclusion

- 12.1. Overall, the council continues to operate within a robust framework of policies and procedures. This is intended to direct the activity of the council and ensure transparency and accountability. Responsible officers are expected to ensure those effective internal control arrangements are in place. Internal Audit is responsible for reviewing these controls annually in order to give assurance to those charged with governance and the CIO is responsible for investigating and reporting on any offences against or within the council.

13. Appendices

- 13.1. None

14. Background Papers

- 14.1. None