

# Chichester District Council

## CORPORATE GOVERNANCE & AUDIT COMMITTEE

17th July 2023

### Fraud Prevention Report 2022/2023

#### 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 that 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 The Tackling Fraud and Corruption Against Government report published in March 2023 Estimates that the loss to fraud and error in the public sector in 2020-2021 was between £33.2 and £58 billion pounds. Fraud against the public sector increases the cost of public services, so understanding, finding and reducing fraud is an essential part of efficiency.

3.2 To retain the required skills and knowledge to protect all services within the Council from potential fraud the Council in 2015 created the role of a Corporate Investigations Officer (CIO) Due to a restructure the role is now the Principal Internal Auditor and Corporate Investigations Officer (PIACIO). In 2017 additional resources in the form of an Assistant Corporate Investigations Officer (ACIO) was added to the team. In January 2023 a trainee Internal Auditor and Corporate Investigations Officer (TIACIO) was also added to the team. These roles now form the Corporate Investigations Team (CIT)

3.2 There are several tasks that are the responsibility of the PIACIO. The National Fraud Initiative (NFI) is a biennial exercise that matches data from various sources both within the council and other public sector bodies. The matches are released in January and are reviewed on a calendar year basis. The PIACIO 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. The PIACIO gives advice as necessary on the evaluation of any data matches.

Additionally, there is a yearly NFI match that looks at Council Taxpayers who receive a Single Person Discount.

- 3.3 Every year the Council needs to review any long-term empty homes in the district to confirm whether the properties remain empty. This is because the New Homes Bonus paid from Central Government considers 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 approximately £14k in 2015. Currently this work is done by the CIT in conjunction with the Revenues team.

#### **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 To confirm 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. To fulfil legal requirements, the PIACIO is fully conversant with the Police and Criminal Evidence Act (PACE), Fraud Act 2006 and Data Protection Act 1998. In addition, the PIACIO has full knowledge of the Regulation of Investigatory Powers Act (RIPA).

#### **8. Consultation**

- 7.1 None.

#### **9. Community impact and corporate risks**

- 8.1 Having a Corporate Investigations Team (CIT) at Chichester District Council reassures the community that the Council is doing all it can to protect taxpayers' money.
- 8.2 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 plan and an 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.

## 10. Main Report

### Achievements to Date

- 10.1. In 2022 the PIACIO, working closely with the Revenue Inspectors on the Empty Home Review project, identified 138 properties that should not have been listed as long-term empty because they had been brought back into use. This resulted in additional funding for the Council of £229,593
- 10.2. The CIT is responsible for looking at the NFI matches that indicate that a Council Tax Single Person Discount of 25% may have been incorrectly awarded. Unlike the other NFI data matches this exercise is undertaken on an annual basis. Last year (2022) the Single Person Discount database was matched against Credit reference data. The subsequent investigation of the matches found £131,810 of incorrectly awarded Single Person Discounts and Council Tax Reductions. NFI also estimates a figure for the saving if the fraud hadn't been identified and estimates that a further £191,229 would have been incorrectly paid so the estimated total saving is £323,039 The 2023 match is currently underway. This year the check is matching against the electoral roll. So far it has identified £71,222 of incorrectly awarded discounts and benefits (with the NFI estimate relating to if it had not been investigated being a total of £187,261)
- 10.3. The CIT have been heavily involved in the checking of Covid Business Rates Grants, carrying out checks on applications and investigating any grant applications that have been flagged as suspicious. An NFI exercise identified cases where multiple grants had been received. This was either two or more Grants in separate local authorities for the same company or two or more grants in the same authority to what appeared to be the same company (identified through bank account or directors name) The purpose of this match was to establish if small business-rate relief (SBR) remained appropriate and if any grants had been awarded in error. So far, the exercise has identified £72,725 of incorrectly awarded SBR and an incorrectly awarded grant of £10,000
- 10.4. The biennial NFI matches have now been received and are currently being worked on. The first of the matches completed is a review of the Housing Waiting List. Working with the Housing Team, the CIT reviewed the match results and established that 89 people on the list should no longer be on there. They were subsequently removed from the list. The Cabinet Office estimates that removing somebody from a waiting list saves a council £4,283 in various costs, so it is estimated that this exercise has saved the council £381,187
- 10.5. In 2022/2023 the CIT identified a further £13,094 of incorrectly awarded Single Person Discounts, incorrectly awarded benefits, and establishing new liabilities for Council Tax. These are cases where there was a reactive referral received (rather than through a data matching exercise).

## 11. The Year Ahead

- 11.1. The 2023 NFI matches will continue being worked on throughout this year.
- 11.2. The Empty Home Review is due to be carried out during August and September 2023.
- 11.3. When Cases involve benefits administered by the Department for Work and Pensions (DWP) and Council Tax Reduction (Administered by the council) The CIT will work with the DWP jointly on the case. The CIT have several investigations with the DWP that they will work on during the year.
- 11.4. The CIT remains 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, Licensing, Housing and Finance.
- 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 fraud risk.
- 11.6. The Council has a Whistleblowing Policy, which was updated in 2018 and is reviewed annually. No cases were identified through this media during 2022/2023 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 estimated outcomes totalling £1,342,677 that have been detailed in this report (this figure excludes the NFI Electoral Roll match which will be reported next year). The majority of NFI matches occur every 2 years and the yearly match for single discount uses different matching criteria each year so it is difficult to compare year on year results. Additionally in 2021 the report was published in September so there was an extra 3 months of results to include. For comparison purposes in 2022 estimated outcomes were £475,652, in 2021 estimated outcomes were £800,020 and in 2020 £326,491. It is worth noting that this is the first year NFI have estimated a figure of what would have been incorrectly claimed without the investigation taking place.

## 12. Conclusion

- 12.1. Overall, the Council continues to operate within a robust framework of policies and procedures. This framework is intended to direct the activity of the Council and its officers and ensure transparency and accountability. Responsible officers are expected to ensure that effective internal control arrangements are in place. Internal Audit is responsible for reviewing these controls annually to give assurance to those charged with governance and the PIACIO 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