AUDIT COMMITTEE – 27 JULY 2023

PART I - DELEGATED

6. **ANNUAL FRAUD REPORT 2023**
   (DoF)

1 **Summary**

1.1 This report informs members of the work of the Fraud Section for the financial year 2022 to date and provides updates on progress and developments.

2 **Details**

2.1 The Fraud Section is part of the finance shared service with Watford. The details below apply to both councils unless otherwise stated.

2.1.1 The Councils have a zero tolerance of fraud and corruption.

2.1.2 Minimising fraud and irregularity is essential to ensure resources intended to provide services are maintained. Fraud is a crime that affects everyone. According to the latest Cross Government Landscape Report fraud and error is estimated to cost the public sector £34bn annually.

2.1.3 The harm caused by fraud is not just financial: it damages local communities, can cause reputational damage and a loss of confidence amongst the public, stakeholders and have an adverse effect on staff morale.

2.1.4 It is vital therefore that we have a strong anti-fraud culture underpinned with effective counter-fraud policies and good practice procedures.

2.1.5 Fraud does not fit neatly within geographical boundaries of the Council. Therefore the fraud team have an important role in collaborative working involving the exchange of information and intelligence between the Council and other agencies on national and local fraud and corruption activity. This may also include responding to requests for information, providing the necessary evidence and witness statements to prevent and detect crime.

2.1.6 In 2022-23 the Anti-Fraud & Corruption Strategy, the mechanism for achieving a commitment to reduce losses to fraud and corruption, was revised and approved. In addition the Council approved a new Sanctions Policy and Anti Bribery Policy. The Sanctions Policy sets out the Councils policy towards sanctions, including criminal prosecutions, relating to offences committed by both internal (e.g. employees, members, contactors, etc.) and external offenders. The Anti Bribery Policy, provides a framework to enable employees and Members to understand and implement arrangements enabling compliance.

2.1.7 The Councils Regulation of Investigatory Powers Act 2000 (RIPA) policy was also revised to reflect and align with the new codes of practice.

2.1.8 Joint working with the DWP still remains limited despite a desire from the Council and 47 referrals for joint investigations being made to them from the Council. Discussions with them at a senior leadership level have now commenced with a commitment from the DWP to review their resources at an operational level in Herts and Beds.

2.1.9   During 2022/23 we have responded to 32 requests for intelligence. This involves sharing information legally for the correct purpose and includes providing witness testimony.

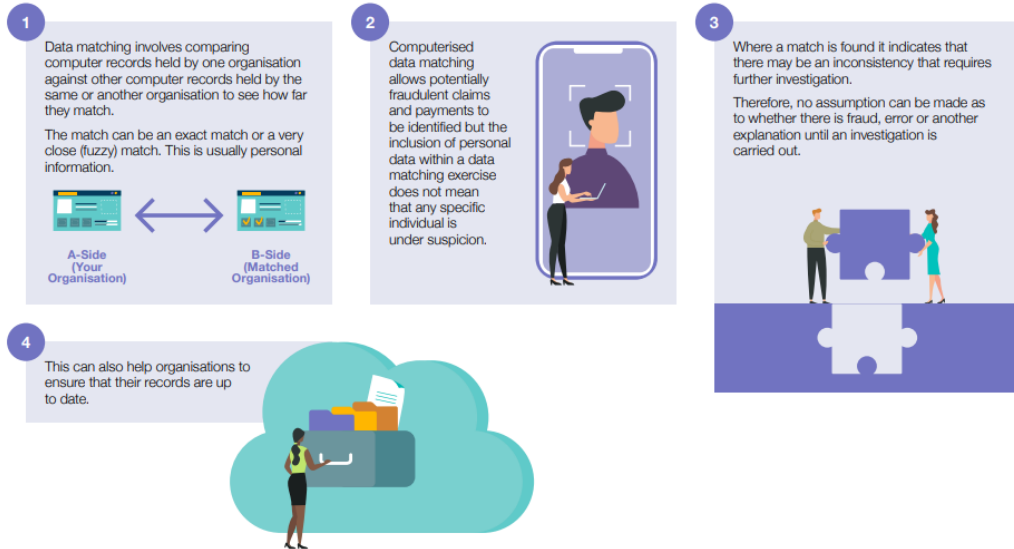2.1.10   Referrals and details of source received;
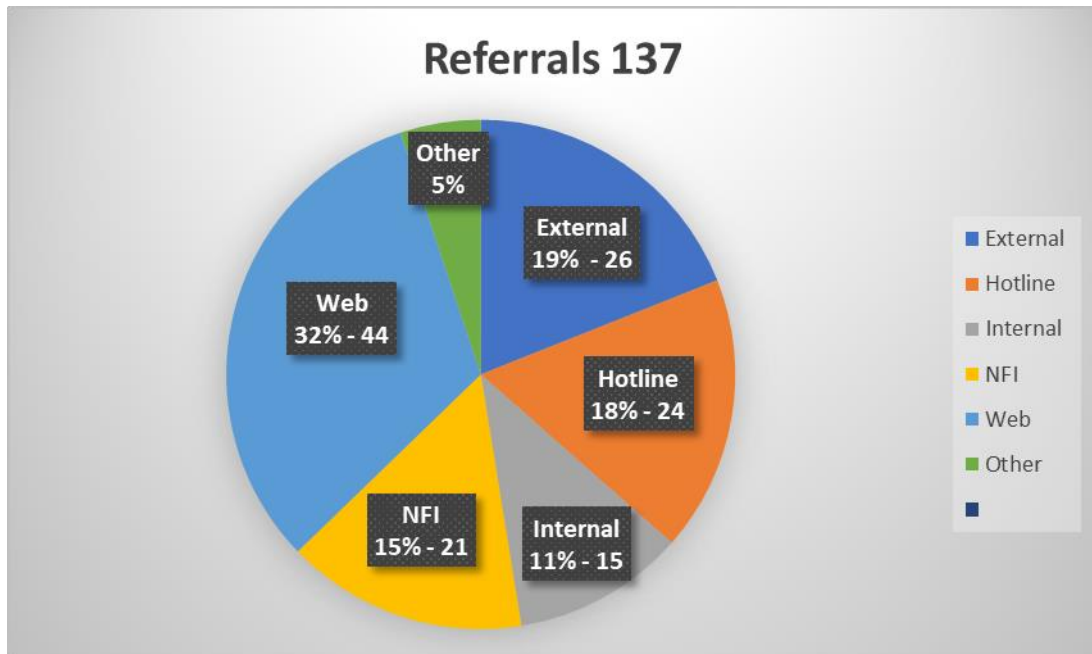
2.1.11   We have responded to 94 requests for information known as a LAIEF (Local Authority Information Exchange Form) from the DWP (Department for Work and Pensions). The lawful requests for intelligence and information vary from evidencing documentation held to providing overpayment adjustments and respective supporting witness testimony.

2.1.12   In respect of Council Tax Reduction, a local legal framework is in place to define who is entitled to the reduction and to reduce fraud from entering the system at inception. It is an integral part of the administration that everyone is aware and vigilant of the risks. Unfortunately, however good the administration of benefits is, it is always likely fraud will enter the system by deliberate acts.

2.1.13   A total of 82 cases were completed with savings identified through overpayments of circa £58,000. Of these cases 6 received a sanction.

2.1.14   Data Matching

What is data matching?

1 Data matching involves comparing computer records held by one organisation against other computer records held by the same or another organisation to see how far they match.

The match can be an exact match or a very close (fuzzy) match. This is usually personal information.

A-Side (Your Organisation) — B-Side (Matched Organisation)

2 Computerised data matching allows potentially fraudulent claims and payments to be identified but the inclusion of personal data within a data matching exercise does not mean that any specific individual is under suspicion.

3 Where a match is found it indicates that there may be an inconsistency that requires further investigation.

Therefore, no assumption can be made as to whether there is fraud, error or another explanation until an investigation is carried out.

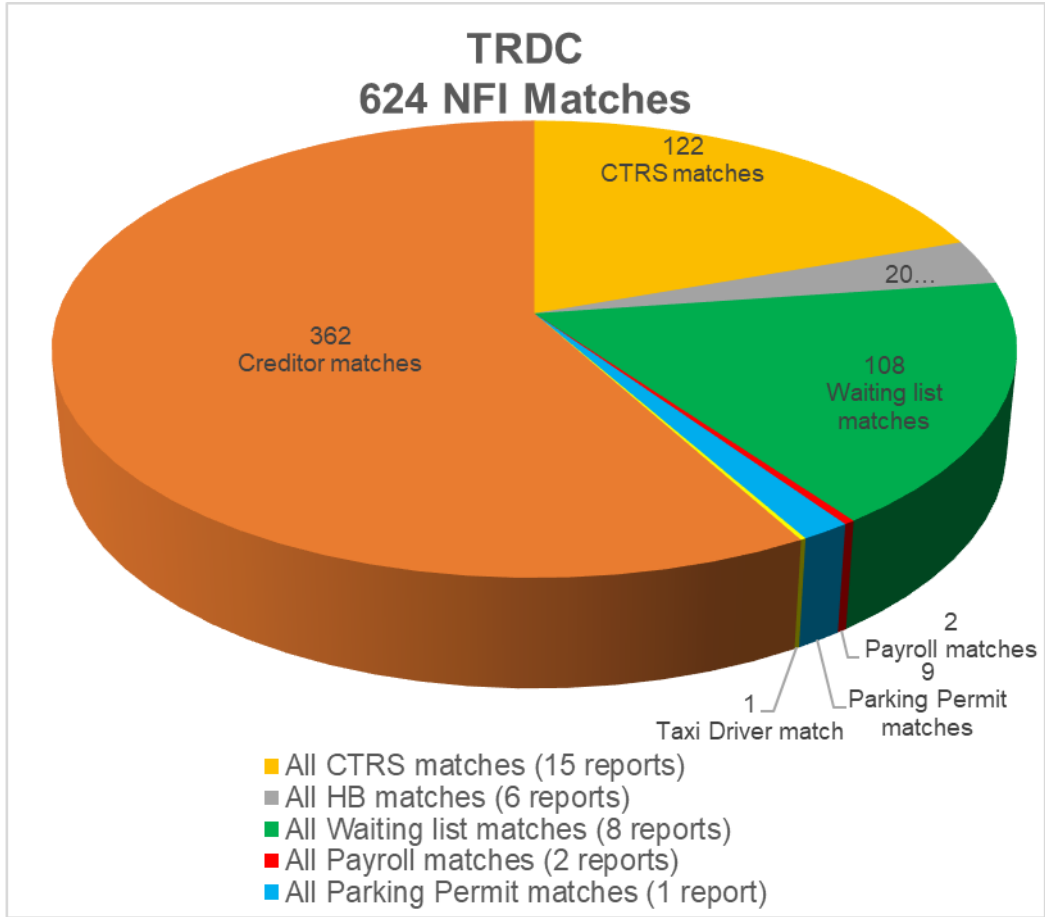**4** This can also help organisations to ensure that their records are up to date.

2.1.15 The service continues to take part in data-matching exercises. These include the National Fraud Initiative (NFI) which is facilitated by the Cabinet Office. It is an exercise that brings together a wide range of organisations, working together to tackle fraud using techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error. Participants of the NFI include 1200 organisations that comprise of other local authorities, police authorities, NHS bodies etc. These matches are not just confined to fraud but also include erroneous payments in respect of creditors and payroll.

2.1.16 Examples of some matches are shown below;

Data Match	Possible fraud/ error
Council Tax payments to payroll records, student loans, taxi drivers	Claiming discounts or reductions by failing to disclose an income
Payroll records to records of failed asylum seekers and records of expired visas	Obtaining employment while not entitled to work in the UK
Council Tax records to electoral register	A council tax payer gets single person's discount and has not declared other persons living in the property
Payroll records to other payroll records	An employee is working for TRDC/WBC but has employment elsewhere that is not declared.
Immigration matches	To identify instances where the person may not be entitled to benefit because of their immigration status.
Housing waiting lists	To identify possible cases where an individual appears to be resident at two different addresses. For example where an address

	differs from the one they have declared on their waiting list application

2.1.17   Details are the specific type of matches are shown below;

TRDC
624 NFI Matches

- 122 CTRS matches
- 362 Creditor matches
- 20...
- 108 Waiting list matches
- 2 Payroll matches
- 9 Parking Permit matches
- 1 Taxi Driver match

■ All CTRS matches (15 reports)
■ All HB matches (6 reports)
■ All Waiting list matches (8 reports)
■ All Payroll matches (2 reports)
■ All Parking Permit matches (1 report)

3   Options and Reasons for Recommendations

3.1   The purpose of this report is to inform Members of the work of the Fraud Section for 2022/23.

4   Policy/Budget Reference and Implications

4.1   The recommendations in this report are within the Council's agreed policy and budgets. The relevant policy is entitled Anti-Fraud and Corruption Strategy and was agreed on 12 September 2022 (PR/49).

5   Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

5.1   None Specific.

6   Recommendation

6.1   That Members note the content of this report.

Report prepared by: Garry Turner, Fraud Manager, garry.turner@threerivers.gov.uk

Data Quality

Data sources: Incase

Data checked by: Garry Turner, Fraud Manager

1	Poor	
2	Sufficient	✓
3	High	

Background Papers

Cipfa Counter Fraud Centre