

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

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Fraud Prevention Report 2018/2019

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 local authorities uncovered £301m of fraud, this amount though is only the tip of the iceberg. Firstly as this is only the uncovered fraud, and secondly only 51% 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. This transfer took place in 2015. Chichester District Council took the decision to create the role of the Corporate Investigations Officer (CIO) so that the council retained the required skills to protect all services within the council from fraud. The position was filled by an experienced investigator previously employed on the Housing Benefit Fraud Team. During the budget process it was identified that additional resources were required by the team, and in November 2017 approval was given to recruit an Assistant Corporate Investigations Officer (ACIO); this post has been filled on a job share basis with two ACIO's working 18.5 hours each. Additionally there is currently a recruitment exercise in place to appoint an apprentice who will work for both the Investigations and Audit teams.
- 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 various departments within the authority. The CIO also gives advice on how to evaluate any data matches.

- 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, there were no resources within the council to undertake this work; it was therefore outsourced in 2015 at a cost of £14,305.

4. Outcomes to be achieved.

- 3.1 This report aims to give assurance on the arrangements in place for the prevention and detection of fraud within the council.
- 3.2 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 two FTE posts 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.

10. Main Report

Achievements to Date

- 10.1. Since 2016 the CIO working closely with the Revenue Inspectors has taken on the Empty Home Review project (immediately saving the previous outsourcing cost). In 2018 the project identified 161 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 £249,455.
- 10.2. The first NFI match completed in 2019 is a review of the Housing Waiting List, working with the Homemove Officer and whether there is any indication that a person on the Council's list may already have a home elsewhere. Nine people were removed from the waiting lists. The Cabinet Office states that removing somebody from a waiting list saves a council £3,240 in various costs, so this action has saved the council £29,160.
- 10.3. 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 (2018) the Single Person Discount database was matched against credit reference data. The match is still being worked on and has so far and found £248,974 of incorrectly awarded Single Person Discount and Council Tax Reduction. The 2019 match is currently underway. This year the check is matching against the electoral roll. So far it has identified £48,969.78 of incorrectly awarded discounts and benefits.
- 10.4. The CIT identified a further £33,128 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.
- 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. Notable cases include working with the Systems Officer –Income and Banking to stop an attempted case of money laundering against the council. Based on the assessment of the case no refund was provided. Another example is Housing where an application had been made but was being prevented as our own records showed that the applicant already owned a property. This was referred as a potential fraudulent application for housing; however the CIO established that an administrative error had led to a case of mistaken identity which allowed a correct housing application to proceed.

11. The Year Ahead

- 11.1. The 2019 NFI matches will continue being worked on throughout the year.

- 11.2. The Empty Home review will again be carried out in 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 with the outcomes expected in the coming months, and more joint investigations are anticipated.
- 11.4. The CIT has started looking at Business Rate (BR) fraud and has a number of new investigations. This is a relatively new area of work and staff will be attending training later this year to develop the knowledge and skills required. It is an important area for the council to consider, as it is a major area of funding taking into account the potential localisation of BR by the Government. The Revenues team are being encouraged to highlight any suspicions to the CIT and it is hoped that this area will expand over the coming year to maximise income for the council.
- 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 2018-2019.
- 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 £559,717 that have been detailed in this report.
- 11.8. Resources have been identified to fund a standalone Case Management System for the CIT. This system will improve the efficiencies enabling more efficient use of staff resources to be used in investigations rather than in administration.

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