

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 19 NOVEMBER 2019

CORPORATE COUNTER FRAUD MID YEAR REVIEW

REPORT BY CATHIE WYLLIE, SERVICE LEADER (INTERNAL AUDIT)

ABSTRACT

This report provides a summary of the work undertaken by the Corporate Fraud Team (CFT) during the 6 months to 30 September 2019.

1. RECOMMENDATION

It is recommended that the Scrutiny and Audit Committee review and scrutinise the contents of the report.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

This report supports the Council's zero tolerance approach to fraud and corruption, which in turn supports services in the delivery of corporate priorities set out in the Local Outcomes Improvement Plan and the Corporate Plan.

3. BACKGROUND

The CFT is a specialist investigative team which operates within Strategic Policy, Transformation & Public Sector Reform.

Angus Council acknowledges its responsibility for ensuring the risks and negative impacts associated with fraud are managed effectively and any allegations of fraud and corruption are investigated by CFT staff in partnership with Council colleagues where appropriate.

The continued work of the CFT plays a key role in the Council's response to the risk of fraud and corruption.

4. 2019/20 OVERVIEW

Team Resource

Supported by the Council's Change Fund an additional Counter Fraud Officer was appointed in May 2019 on a temporary basis until 31 March 2021. This has provided the team with additional capacity to meet the demand for counter fraud services. Team capacity, including the additional post, is 3.6 FTE.

Corporate Fraud

Corporate Fraud includes instances where individuals seek to profit from their position as employees and cases where a third party will use deception to cause a loss to the Council.

Seven investigations have been concluded into alleged fraud against the Council in service areas within Communities, Legal & Democratic, Infrastructure Services and Schools & Learning. Where applicable recommendations have been made to Services to allow appropriate action to be taken including improvements to internal controls and, in the case of an employee fraud, disciplinary action.

There are four ongoing investigations in respect of allegations of fraud or theft.

National Fraud Initiative (NFI)

The National Fraud Initiative is a counter fraud initiative which is undertaken every two years. The CFT's investigatory work is near completion and the subject of a separate report to the committee.

The CFT are currently working on a stand-alone NFI pilot exercise using data matching to identify fraud and incorrectness in non-domestic rates.

Internal Data Matching

This activity is an area of work undertaken by the team to detect fraud and ensure the accuracy of Council records. In conjunction with colleagues from Revenues & Benefits and IT a data match on Council Tax Single Person Discount and investigations into matches suggesting incorrect Council Tax Discount awards is ongoing.

Other activities

A counter fraud e-learning course has been developed for completion by Council employees. The course includes reference to procurement fraud therefore addressing a weakness identified in the Angus Council Procurement and Commercial Improvement Programme (PCIP) 2019 assessment.

CFT investigators have worked with Blue Badge administrators and Community Safety Enforcement colleagues to address a number of reported instances of Blue Badge misuse.

Counter Fraud and Whistleblowing guidance has been refreshed and each are now individually listed on the Council's intranet site.

The CFT continues to benefit from participation in the Scottish Local Authority Investigators' Group. This forum is attended by local authority counter fraud practitioners and serves to raise the profile of counter fraud and enable the sharing of good practice in this field.

The CFT were represented at the Police Scotland Serious Organised Crime Prevention event.

Recoveries

The CFT scrutinises all allegations of fraud received and, where applicable, works with colleagues across the Council to investigate. The table below summarises the amounts identified for recovery by CFT activity in the 6 months to 30 September 2019.

Performance Summary	2019/20 mid- year	2018/19 mid- year	2018/19 full year
	£	£	£
Housing / Council Tax Benefit Overpayments	25,949	6,027	26,118
Council Tax Discounts / Reduction	13,841	719	9,132
Data matching - Council Tax Single Person Discount	19,066	49,361	73,176
Initiative - Students	20,235	Nil	Nil
NFI - Duplicate Payment and Residential Care Payments	20,361	Nil	Nil
Settlement from Council Insurer	6,083	Nil	Nil
TOTAL	105,535*	56,107	108,426
DWP benefit overpayments	17,903**	13,789**	30,754**

Tenancy Fraud properties recovered	4	2	4
Corporate / Employee Frauds closed with recommendations	7	5	12

*Includes NFI 2018 outcomes.

**CFT investigators support Department for Work and Pensions colleagues as single points of contact for investigations which include HB/CTB/CTR.

5. FUTURE PLANS

The CFT will shortly conclude work on the NFI 2018 main exercise and NDR pilot.

New opportunities in internal data matching will be explored.

Promotion of the counter fraud e-learning course will raise awareness of the Council's zero tolerance approach, the fraud risks faced and the means of reporting suspicions of fraud.

The CFT will continue to work with service colleagues to prevent, detect and investigate suspicions of fraud. This will play a significant role in not only protecting public assets but in encouraging fairness, process improvements and promoting a healthy culture within the council.

6. FINANCIAL IMPLICATIONS

Where overpayments are identified in the benefits/discounts awarded by Angus Council the repayment of these results in recovered income for the Council.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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