



Selby District Council

Counter Fraud Progress Report 2018/19



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Background

- 1 Fraud is significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a corporate counter fraud service for Selby District Council. A corporate counter fraud service aims to prevent, detect and deter fraud and related criminality affecting an organisation. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Counter Fraud Performance 2018/19

- 4 Up to 31 December, the fraud team detected £33.6k of loss to the council and achieved £9.5k in savings for the council as a result of investigative work. There are currently 11 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2018/19

The tables below show the total number of fraud referrals received and summarises the outcomes of investigations completed during the year to date.

	2018/19 (As at 31/12/18)	2018/19 (Target: Full Year)	2017/18 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked).	33%	30%	44%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£9,481	£14,000	£22,195

Caseload figures for the period are:

	2018/19 (As at 31/12/18)	2017/18 (Full Year)
Referrals received	69	81
Referrals rejected	39	43
Number of cases under investigation	11	15 ¹
Number of investigations completed	15	41

¹ As at 31/3/18

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative is underway. A range of council data was gathered and securely sent to the Cabinet Office for data matching in October. Resulting data matches are expected in February.</p> <p>The council participated in an NFI Business Rates pilot alongside regional partners in 2018. Over 4000 matches were returned in October. The matches were sampled and reviewed by the fraud team. Two investigations have been set up and two properties have been referred to the Valuation Office Agency (VOA) for assessment. The exercise has already identified savings of £5,700 for the council to date² with the potential for further savings based on new NNDR liabilities raised following VOA assessment.</p>
Fraud detection and investigation	<p>The service continues to use criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none">• Council Tax Support fraud – To date the team has received 42 referrals for possible CTS fraud. Fraud and error of over £10k has been detected during the current financial year. One person has been issued a warning relating to an offence in this area. There are currently 5 cases under investigation.• Council Tax/Non Domestic Rates fraud – 22 referrals for council tax fraud have been received in 2018/19. Over £6k of fraud has been detected in this area. One person has been issued a warning this year. There are currently 2 cases under investigation.

² As of 16/1/19 – approximately £3.3k of these savings are reflected in the table on page 3 of this report. The remainder and any additional savings from this project will be recorded in future progress reports.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • Housing fraud – The team has received 3 referrals for investigation in the year. There are currently 3 ongoing investigations in this area. One property has been recovered in the period following an investigation where a tenant was found to be illegally subletting a property. • Internal fraud – There have been no reports of internal fraud. • External fraud – The council fell victim to a “mandate fraud” in September and October 2018. A fraudster convinced a council officer to change the bank details of a supplier to their own and two payments were made to the fraudster before the fraud was detected. An investigation into this matter is ongoing. • Parking Fraud – One person has been issued a warning relating to parking fraud after an investigation found a blue badge being misused by a third party.
Fraud liaison	The fraud team acts as a single point of contact for the Department for Work and Pensions and is responsible for providing data to support their housing benefit investigations. The team have dealt with 118 requests on behalf of the council in 2018/19.
Fraud Management	<p>In 2018/19 a range of activity has been undertaken to support the Council’s counter fraud framework.</p> <ul style="list-style-type: none"> • In May, the council’s counter fraud transparency data was updated to include data on counter fraud performance in 2017/18 meeting the council’s obligation under the Local Government Transparency Code 2015.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in June 2018. The information provided has contributed to a recently released report which provides a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it. • During this year's National Fraud Initiative data gathering exercise, the counter fraud team has confirmed that, as part of the council's legal obligation, privacy notices are in place to facilitate data processing. • As part of International Fraud Week in November, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week. • The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year.