

Report of the Head of the Audit Partnership

Update on Anti-fraud Activities

SUMMARY

- 1.1 This report provides an update on the anti-fraud activities being undertaken within the Council.
- 1.2 It also provides an update on any notifications/investigations that have taken place under the following legislation:
- Money Laundering Regulations 2007
 - Bribery Act 2010
 - Public Interest Disclosure Act 1998
 - Regulation of Investigatory Powers Act 2000

RECOMMENDATION

- 2.1 To note the actions and the progress being made on the clearance of National Fraud Initiative matches and associated anti-fraud activities.

REASONS FOR RECOMMENDATION

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

SUPPORTING INFORMATION

National Fraud Initiative (NFI)

4.1 It was reported to this Committee at its meeting on 22 March 2017, that NFI activity was in the early stages of a two year cycle, the matches only being available to the Council from late January/early February 2017. We are now 8 months into the exercise and as expected the number of matches reviewed has significantly improved (See Table 2).

4.2 Table 1 below shows the number of matches reported. The Cabinet Office's NFI team do not expect 100% clearance of all matches, but they have identified "recommended matches" that they want the Council to investigate.

Table 1: NFI Matches

Service	Total number of matches	Recommended matches
Housing Benefit	1,016	87
Payroll	277	82
Blue Badges	378	289
Residential Care Homes	51	24
Creditors	3,110	251
Residents Parking	6	3
Personal Budgets	47	6
Council Tax	1,403	146
Housing Tenants	811	148
Insurance	7	1
Right to Buy	9	1
Housing Waiting Lists	857	830
TOTAL	7,972	1,868

4.3 There are a high number of creditors' matches. This is due to many suppliers being listed twice, as they are suppliers to both the Council and schools, and many matches appear on several reports. As a result, the matches checked are done on a "sample" basis as they have proved unproductive in the past.

4.4 As at 16 October 2017, the number of cases cleared were:

Table 2: Cleared cases:

Service	Number of Matches Processed (inc Closed)	Number of Recommended Matches Cleared (inc Closed)	Percentage Cleared	
			Total	Recommended
Housing Benefit	188	71	19%	82%
Payroll	259	79	94%	96%
Blue Badges	361	284	96%	98%
Residential Care Homes	51	24	100%	100%
Creditors	3,110	251	100%	100%
Residents Parking	6	3	100%	100%
Personal Budgets	47	6	100%	100%
Council Tax	346	133	25%	91%
Housing Tenants	84	71	10%	48%
Insurance	7	1	100%	100%
Right to Buy	2	0	22%	n/a
Housing Waiting Lists	207	189	24%	23%
TOTAL	4,668	1,112	59%	60%

- 4.5. Progress on the 2016/17 NFI to date compared to the overall performance on the 2014/15 exercise is shown in Table 3 below.

Table 3: Comparison of Progress to date (NFI 2016/17) with that of NFI 2014/15

Matches	2016/17		2014/15	
	Number	Percentage of Total	Number	Percentage of Total
Total	7,972		9,494	
Recommended	1,868		2,884	
Processed	2,793	35%	1,593	17%
In Progress	25			
Closed but not designated as processed	1,875	24%	138	1%
Processed plus Closed	4,668	59%	1,731	18%
No Action To Date	3,304	41%	7,763	82%

It should be noted that the priority in the 2014/15 NFI exercise was to investigate the mandatory (recommended) matches. There was a significantly higher number of matches in 2014/15.

- 4.6 The total amount of error/fraud identified to date on the current NFI exercise is :

	£
NFI Matches	5,359.08
Rechecks	18,481.34
Total	23,840.42
Total amount actually under recovery	18,964.37

4.7 The figures in Tables 1, 2 and 3 do not include recheck results. These are 3 reports that match Council Tax data against Electoral Register, Rising 18s and other sources (e.g. blue badge, HB, Housing Tenants, Payroll). Rechecks account for an additional 8,725 matches of which 883 have been processed. A total of 48 frauds and 4 errors have been identified in the 883 cases processed. The Counter Fraud team are currently investigating another 13 cases. The amount “under recovery” in the table in paragraph 4.6. includes £13,605.29 from 32 recheck cases. Recheck results are not available for 2014/15.

4.8 To proactively continue the fight against fraud, the Cabinet Office is encouraging Councils to consider uploading the latest version of their Council Tax and Electoral Register data through NFI ReCheck. Over short periods of time, existing customers personal and financial circumstances change, affecting their entitlement to a benefit or service provided. ReCheck allows the Council to proactively check their existing customer records to establish and monitor these changes.

Public Interest Disclosure Act 1998

4.9 There have not been any disclosures made under the Council’s Whistleblowing policy in the last period.

Money Laundering Regulations 2007

4.10 There have not been any reports of potential Money Laundering made under the Council’s Anti-Money Laundering Policy in the period 1 April to 30 September 2017.

Bribery Act 2010

4.11 There have been no reports of suspicions of bribery made under the Council’s Anti-Bribery Policy in the period 1 April to 30 September 2017.

Regulation of Investigatory Powers Act 2000

4.12 The Council has a statutory obligation to provide a quarterly update to Elected Members in respect of its use of covert surveillance. During quarters 1 and 2 of 2017/18, there have been no applications for use of directed surveillance, covert human intelligence sources (CHIS) or to access communications data.

- 4.13 By way of further update, following the last inspection of the Council by a commissioner from the Office of the Surveillance Commissioner (OSC) in 2016 when a recommendation was made requiring training to be provided across the board, seven (7) training sessions have been organised, with delivery underway. Six of those sessions are aimed at operational officers across the regulatory services i.e. those who make RIPA applications – three on directed surveillance (9th of October 2017, 13th of November 2017 and 4th of December 2017) and three on CHIS (6th of November 2017, 22nd of November 2017 and 5th December 2017); the final session (20th of November 2017) is aimed at the RIPA statutory officers namely the Chief Executive, the Senior Responsible Officer (i.e. the Monitoring Officer), the Council's Authorising Officers (i.e. the Service Directors, Communities, Environmental and Regulatory Services & Adults and Health) and the RIPA Coordinator (i.e. the Head of Legal Services).

OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

Legal officer	N/A
Financial officer	N/A
Human Resources officer	N/A
Estates/Property officer	N/A
Service Director(s)	N/A
Other(s)	N/A

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The charge for Unitary Councils participating in the National Fraud Initiative 2016/17 is £3,650. The fees are the same as for the previous NFI exercise. The cost of using ReCheck is £600.

Legal

- 2.1 None directly arising

Personnel

- 3.1 None directly arising

IT

- 4.1 None directly arising

Equalities Impact

- 5.1 None directly arising

Health and Safety

- 6.1 None directly arising

Environmental Sustainability

- 7.1 None directly arising

Property and Asset Management

- 8.1 None directly arising

Risk Management

- 9.1 None directly arising

Corporate objectives and priorities for change

- 10.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.