

INTRODUCTION

West Suffolk Council spends millions of pounds of public money each year on essential local services. It is essential that we continue to protect and preserve our ability to provide these services by ensuring assets are protected against risk of loss or damage.

This report summarises the work which has taken place during 2019/20 to prevent and detect fraud, theft and corruption. The council aims to show its commitment to minimising the risk of fraud, theft and corruption and deter any would-be fraudsters by publishing this information.

The Risk of Fraud

Fraud, theft and corruption are an ever-present threat to the resources available in the public sector. They are costly, in terms of both reputational risk and financial losses.

The council's mitigating controls include:

- clear policies and procedures;
- availability of specialist / qualified staff to identify and investigate potential areas of fraud;
- active participation in the National Fraud Initiative; and
- a sound internal control environment as demonstrated by internal and external audit opinions.

Whilst there are mitigating controls in place to manage the risks of fraud, theft and corruption, these risks cannot be completely eradicated. West Suffolk Council recognises the vulnerability to fraud and key fraud risk areas and takes positive action to minimise those risks. Emphasis is placed on preventative and early detection work in areas at greatest risk of fraud.

Policies and Procedures

The council has a range of interrelated policies and procedures to provide a corporate framework to counter fraudulent activity. These include:

- Codes of Conduct for Members and Officers
- Code of Corporate Governance
- Constitution – including Contract and Financial Procedure Rules
- Anti-Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Recruitment and Selection procedures

Corporate Fraud, Theft, Bribery and Corruption Arrangements

- ✓ West Suffolk's Anti-Fraud and Anti-Corruption Policy is in place to minimise the risk to the council's assets and good name, promote a culture of integrity and accountability in councillors, employees and all those that the council does business with, and enhance existing procedures aimed at preventing, discouraging, detecting and investigating fraud and corruption.
- ✓ Regular messages are published on the intranet to increase staff awareness. This can include topics such as housing benefit, business rates and council tax fraud, mandate and invoice fraud, vishing scams (the practice of making phone calls purporting to be from reputable companies to induce officers to reveal information), grant fraud, on-line shopping fraud and general fraud awareness. Where appropriate, messages are also posted on West Suffolk social media accounts to alert the public to scams.
- ✓ Internal audit receives and takes action on regular alerts from the National Anti-Fraud Network – an organisation recognised as a centre of good practice dedicated to protecting the public purse from fraud, abuse and error.
- ✓ The Anglia Revenues Partnership (ARP) provides the revenues and benefits service on behalf of five partner authorities, including West Suffolk. The ARP has a dedicated fraud team which internal audit liaises with on a regular basis.
- ✓ Staff vigilance continues to support the anti-fraud culture. For example, the finance team have strong controls in place which help to identify attempted mandate fraud.

INTERNAL AUDIT

Fraud and corruption risks are identified as part of the annual audit planning process and flexibility is included within the annual Internal Audit Plan to undertake irregularity investigative work, coordination of the NFI data matching exercise and proactive anti-fraud and anti-corruption work, including raising awareness.

It is recognised that due to the unprecedented Covid-19 pandemic that pressure on resources and deployment of staff to undertake processes/transactions could potentially slightly increase the risk of fraud from external parties

Internal Audit are actively seeking to utilise tools to assist with identifying any potentially fraudulent claims in respect of the Covid-19 business grants.

REPORTED SUSPICIONS

The Internal Audit team has a responsibility to investigate suspected irregularities resulting in potential loss to West Suffolk resources / monies.

An investigation was undertaken in 2019/20 following the report of missing ICT equipment. This resulted in strengthening controls for the security of such equipment. Subsequent to the investigation, further intelligence was received, enabling the police to submit a case to the Crown Prosecution Service.

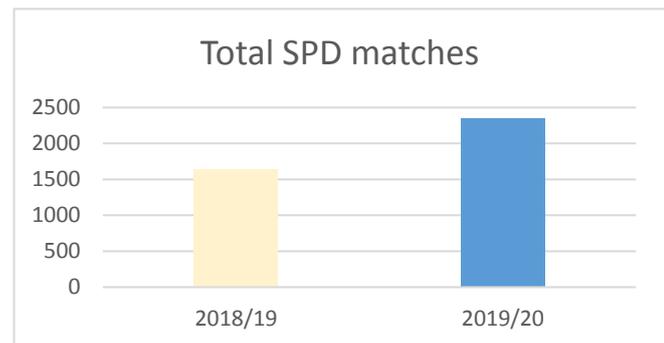
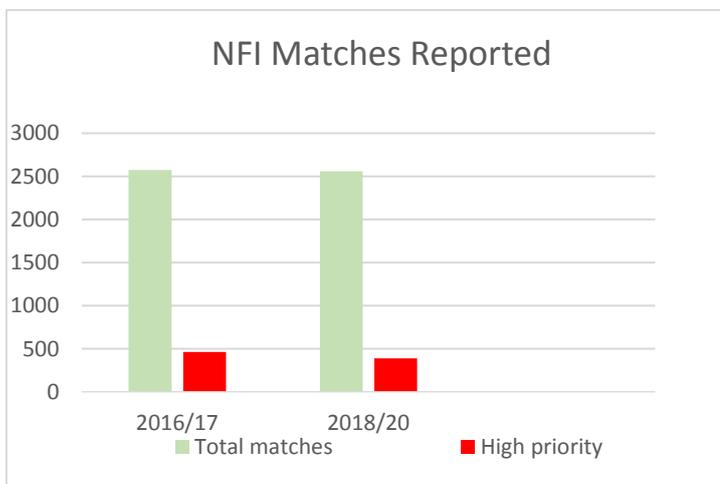
NATIONAL FRAUD INITIATIVE

The National Fraud Initiative (NFI) is a mandatory exercise run by the Cabinet Office to match and compare electronic data within and between public and private sector bodies to prevent and detect fraud and error. These bodies include police authorities, fire and rescue authorities, NHS as well as local authorities and a number of other public sector bodies. Where a match in data is found, this indicates that there may be an inconsistency in the application, claim or payment which needs further investigation.



Cabinet Office

- The main exercise takes place over a two year period, matching records such as benefits, student loans, payroll, pensions, licences, creditor payments, housing register, and parking permits.
- The current NFI exercise initially saw data matches being released in Quarter 4 of 2018/19 with additional matches released during 2019/20. This produced a slight reduction in the number of matches reported.
- A separate annual exercise to match electoral register data to single person discount (SPD) records is also undertaken to identify where SPD may not be applicable as there is more than one liable person living at the property. The most recent exercise has seen an increase in the reported matches.



- The next biennial exercise should see data matches released in Quarter 4 of 2020/21.

- ✓ Where fraud or error is found, recovery is made by way of the housing benefit overpayment process, credits obtained from suppliers (for example for duplicate invoice payments) or revised council tax bills are issued.

REVENUES AND BENEFITS (ARP) FRAUD ARRANGEMENTS

ARP investigate council tax fraud, tenancy fraud (working with the homelessness and housing teams) and offences relating to council tax support. Housing Benefit frauds are passed to the DWP to investigate.



Proactive work includes:

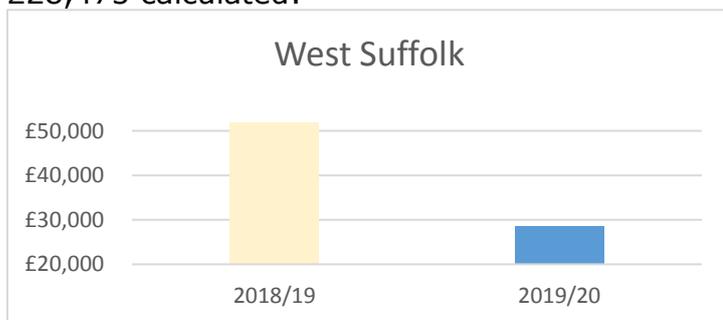
- Checks are made on single person discount (SPD) applications by the ARP Fraud Team to proactively prevent discounts being incorrectly granted
- Identifying potential tax evasion due to properties not on the council tax or business rates databases
- New staff recruited to the ARP revenues and benefits team are given an induction session, to include training on fraud awareness, key documents and the role of the ARP Fraud Team
- Working with housing teams and social housing providers to recover properties
- Investigating referrals from West Suffolk Council

The data below has been provided by ARP to summarise some of the fraud work undertaken by them during 2019/20.

Council Tax Reduction Scheme

Every effort is made to recover debt caused by fraud in line with Department for Work and Pensions (DWP) guidance.

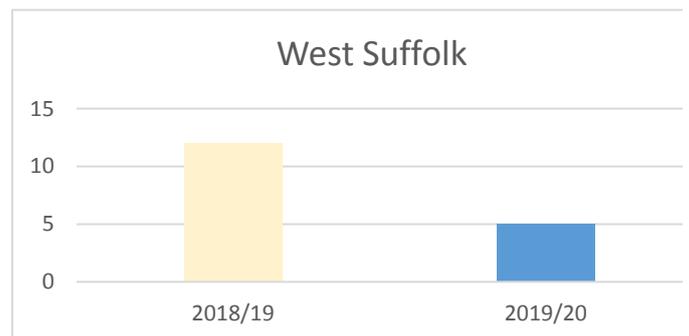
36 cases of ineligible council tax reduction scheme awards were identified with savings of £28,475 calculated:



New council tax bills are issued for the period in question to enable collection to be made.

Savings are calculated from the actual overpayment.

Sanctions Applied



Investigations can be closed without a sanction because it is considered to be a genuine error, there is insufficient evidence of fraud, or it is not in the public interest to pursue the fraud. In these instances, the benefit is corrected, and the action taken is recovery action in respect of an overpayment; whilst this is not recorded as a fraud, there is a saving to the taxpayer.

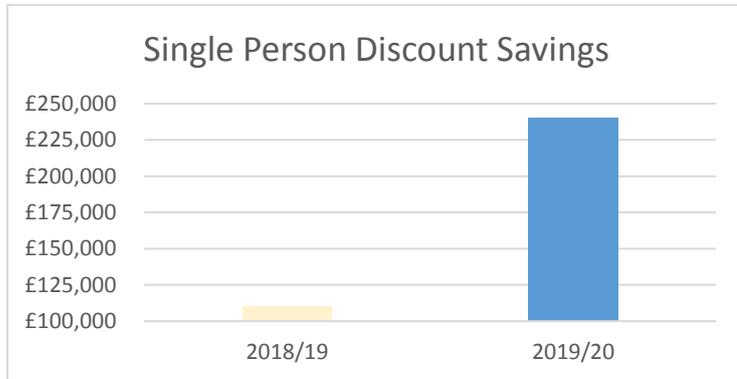
Housing Benefit

Housing benefit fraud is investigated by the Single Fraud Investigation Service (SFIS) which is a partnership between the DWP Fraud Investigation Service, HMRC, and local authorities.

ARP referred 97 cases to SFIS on behalf of West Suffolk.

Single Person Discount fraud

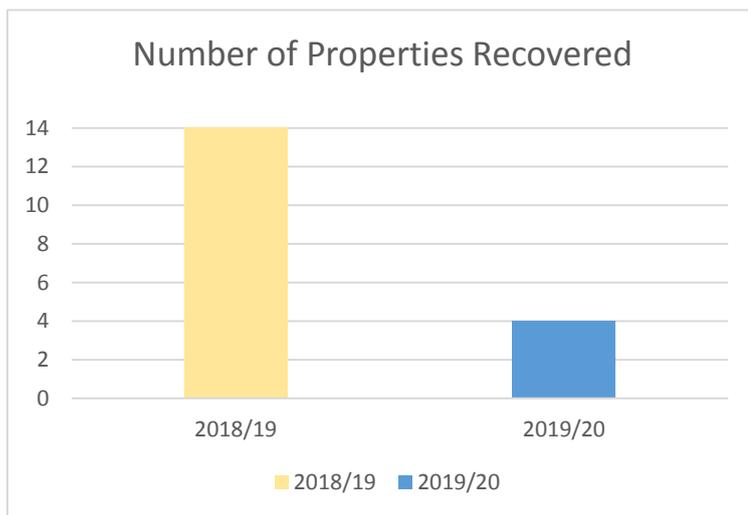
299 cases were identified in 2019/20, with savings of £240,362 calculated.



In line with DWP guidance, the savings are calculated from when the eligibility is removed, the liability for the remainder of the current year plus another 52 weeks.

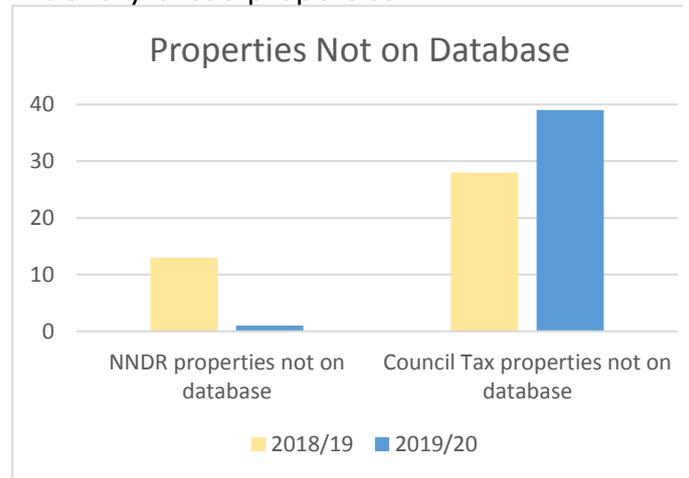
Social Housing Fraud

Joint working with the Housing Team and Housing Associations resulted in a number of properties being recovered. These properties can then be offered to those who are eligible for social housing.

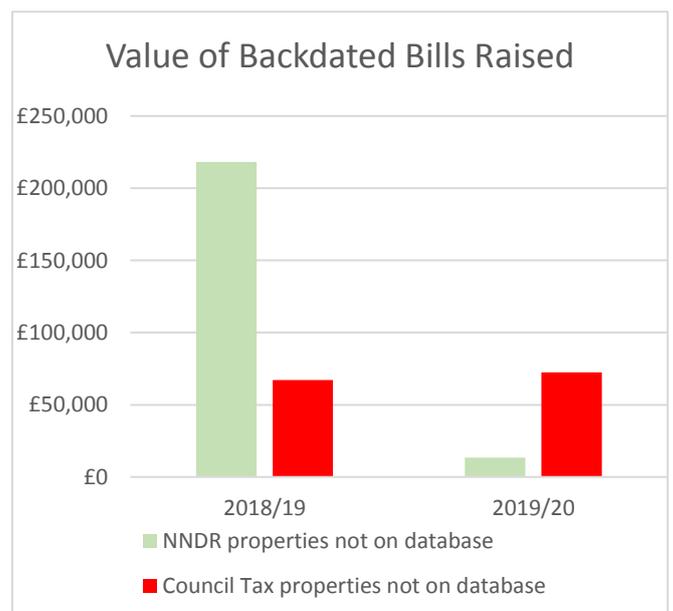


Other Fraud Activity

Work continues to identify properties which are not on the council tax or business rates databases. This can occur as the property has not been declared to the Valuation Office or incorrect information on the property status has been declared; Officer vigilance can often identify these properties.



Backdated bills are raised for these properties. A decrease in value is showing from 2018/19, this is due to three significant business units being identified as missing from the database in 2018/19.



HEALTH CHECK

A fraud health check review has been completed by internal audit to evaluate the counter fraud arrangements at West Suffolk Council against the following good practice guidance.



CIPFA Code of Practice – Managing the Risk of Fraud and Corruption

- This provides a number of key principles to embed effective standards for countering fraud and corruption.
- An annual self-assessment, along with consideration of progress of actions and assessment of risks and controls, is undertaken against this voluntary Code.
- Any actions arising are incorporated into the annual audit work plan.

Fighting Fraud and Corruption Locally

- The CIPFA Local Government Counter Fraud and Corruption Strategy 2016-19 estimates that fraud costs local government £2.1bn a year.
- The Strategy sets out the approach local authorities should take to transform counter fraud and corruption performance, including a self-assessment to identify and understand major risks and the counter fraud and corruption culture.
- An annual self-assessment, along with progress of actions and risk controls, concluded that there were no high risks for West Suffolk Council. A small number of actions were raised to further strengthen the counter fraud arrangements, these are incorporated into the annual audit work plan.
- West Suffolk Internal Audit participated in a workshop to support the updating of the counter fraud and corruption strategy for local government which has recently been published.

Fraud and Corruption Tracker

CIPFA also produces a national Fraud and Corruption Tracker report, this data is collated from a national survey to identify trends and statistics.

The 2019 report estimated approximately 71,000 frauds had been detected or prevented nationally in 2018/19 with a value of £253m. Key messages from the report include:

- Council tax single person discount, procurement and housing fraud are the highest perceived risk areas;
- Business rates fraud continues to grow marginally;
- Council tax fraud represented 79% of identified fraud but is only 12.1% of detected value.

Suffolk Counter Fraud Group

This newly created group, of which West Suffolk is a member, aims to:

- Identify and share emerging national and local fraud risks;
- Explore the sharing and matching of data within Suffolk authorities to identify fraud and error;
- Share best practice and explore joint working for proactive counter fraud exercises.