

# Annual Fraud Report 2022 to 2023

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## **1. Introduction**

- 1.1 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.
- 1.2 This report summarises the work which has taken place during 2022 to 2023 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.

## **2. The risk of fraud**

- 2.1 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.
- 2.2 The council's mitigating controls include:
  - clear policies and procedures
  - access to specialist and qualified staff to investigate potential areas of fraud
  - active participation in the National Fraud Initiative (NFI)
  - a sound internal control environment as demonstrated by internal and external audit opinions.
- 2.3 Whilst there are mitigating controls in place to manage the risks of fraud, theft and corruption, these risks cannot be completely eradicated. The 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.

## **3. Policies and procedures**

- 3.1 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

3.2 Reviews of the Anti-Fraud and Anti-Corruption Policy and Anti-Money Laundering Policy were undertaken in 2022 to 2023 to update references to recent guidance and current legislation.

3.3 Policies are also supported with eLearning training modules. Refreshed anti-bribery and corruption, fraud awareness and anti-money laundering eLearning training modules were launched in 2022 to 2023.

## **4. Corporate fraud, theft, bribery and corruption arrangements**

4.1 West Suffolk's Anti-Fraud and Anti-Corruption Policy applies to all West Suffolk Council activities and 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.

4.2 Fraud awareness messages are published on the intranet to increase staff awareness. This can include topics such as council tax and council tax reduction scheme fraud, mandate and supplier fraud, business rates fraud, housing benefit, vishing scams (the practice of making phone calls purporting to be from reputable companies to induce officers to reveal information), impersonation fraud, government scheme incentives including the energy bills support, and general fraud and corruption awareness such as money laundering. Where appropriate, messages are also posted on the council's social media accounts to alert the public to scams.

4.3 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. Fraud trend data received from organisations such as Trading Standards, Action Fraud, City of London Police, CIFAS (the UK's fraud prevention community) and local intelligence sources concerning local and national fraud threats are circulated as appropriate to further increase staff awareness to take relevant steps in the prevention of fraud.

4.4 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.

4.5 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.

## **5. Internal audit**

- 5.1 Fraud and corruption risks are identified as part of the annual audit planning process and flexibility is included within the annual internal audit work plan to undertake irregularity investigative work, coordination of the National Fraud Initiative (NFI) data matching exercise and proactive anti-fraud and anti-corruption work, including raising awareness.
- 5.2 The internal audit team is a member of the Suffolk Counter Fraud Group which 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
- 5.3 Internal audit also attends fraud prevention webinars to maintain knowledge on local authority fraud threats.

## **6. Reported suspicions**

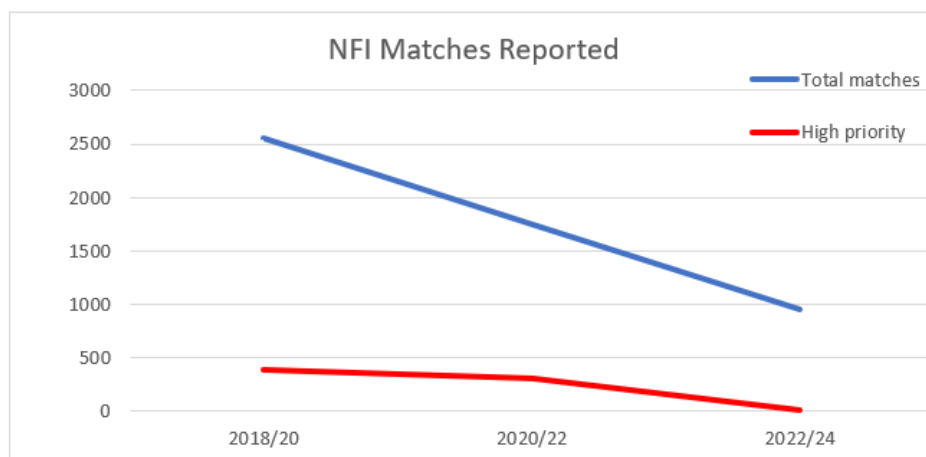
- 6.1 The internal audit team has a responsibility to investigate suspected irregularities resulting in potential loss to council resources and monies or money laundering concerns. No substantive investigations were undertaken by the team in 2022 to 2023.

## **7. COVID-19**

- 7.1 Internal audit were actively involved in the process design and checking of COVID-19 business grants, utilising government recommended tools to assist with identifying fraudulent grant applications and errors and working with colleagues to action recovery where necessary.
- 7.2 Internal audit followed guidance issued by the Department for Business, Energy and Industrial Strategy (BEIS) in respect of prepayment and post payment assurance work required for the COVID-19 business grants. This includes the completion of risk assessments, post payment assurance plans, and reporting regimes.
- 7.3 Internal Audit have now completed the post payment assurance work as requested by BEIS in respect of COVID-19 Business Support Grants. BEIS confirmed that for Cohort 1 West Suffolk Council followed an appropriate and robust process in completing the minimum assurance checks when awarding and paying grants.

## 8. National Fraud Initiative

- 8.1 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, local authorities, housing associations, DWP, HMRC 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.
- 8.2 The main exercise takes place over a two-year period, matching records such as housing benefit, local council tax reduction scheme, student loans, payroll, companies house data, pensions, creditor payments, housing register waiting list, housing tenants, right to buy, and resident parking permits.
- 8.3 The current NFI exercise saw the majority of data matches being released between January and March 2023. This produced a reduction in the number of matches previously reported as the NFI continue to improve the quality of data matching and have amended the priority risk rating of matches.



- 8.4 High priority and a sample of other matches are reviewed by internal audit and ARP.
- 8.5 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.
- 8.6 119 single person discount cases, with a savings value of £142,346 were identified through NFI work during 2022 to 2023.
- 8.7 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.

## **9. Anglia Revenues Partnership (ARP) fraud arrangements**

9.1 ARP are tasked to identify and prevent fraud in the following areas:

- Local Council Tax Support
- Single Person Discount
- Council Tax fraud
- Non-Domestic Rates fraud

9.2 Housing Benefit frauds are passed to the Department for Work and Pensions (DWP) to investigate.

9.3 The ARP Fraud and Visits Team work with the Housing Options Team and also with housing associations to tackle Right to Buy and subletting abuse. The ARP Fraud and Visits team also forge closer working relations with service areas in an attempt to prevent and detect fraud and error, this includes a joint working approach with Planning Enforcement, Public Health and Housing (for example in relation to Houses in Multiple Occupation).

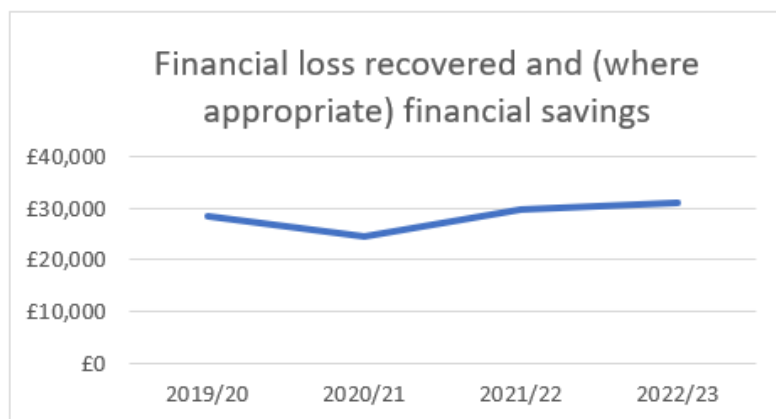
9.4 Proactive work includes:

- checks are made on single person discount (SPD) applications by the ARP Fraud Team to proactively prevent discounts being incorrectly granted, this approach also contributes to the reduced number of SPD matches reported in the NFI exercises
- 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, such as Electoral Register fraud.

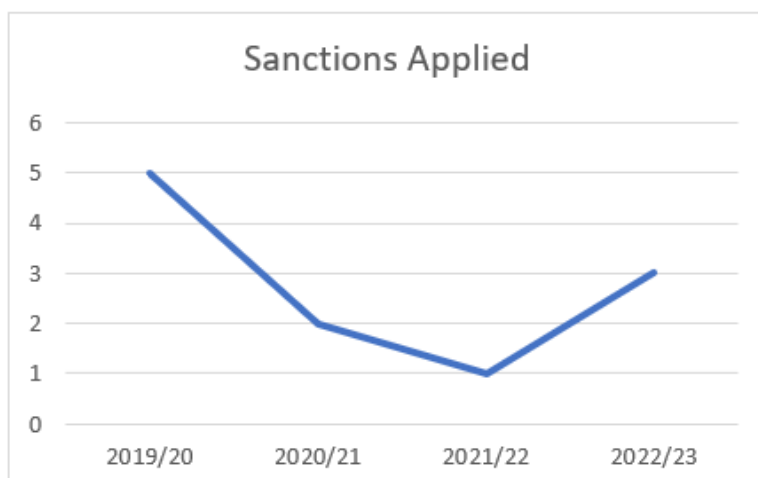
9.5 The data below has been provided by ARP to summarise some of the fraud work undertaken by them during 2022 to 2023.

## Council tax reduction scheme

- 9.5.1 Every effort is made to recover debt caused by fraud in line with DWP guidance. New council tax bills are issued for the period in question to enable collection to be made.
- 9.5.2 29 cases of ineligible Council Tax Reduction Scheme awards were identified with savings of £30,893 calculated. Savings are calculated from the actual overpayment plus 21 weeks as per DWP methodology.



## Sanctions applied



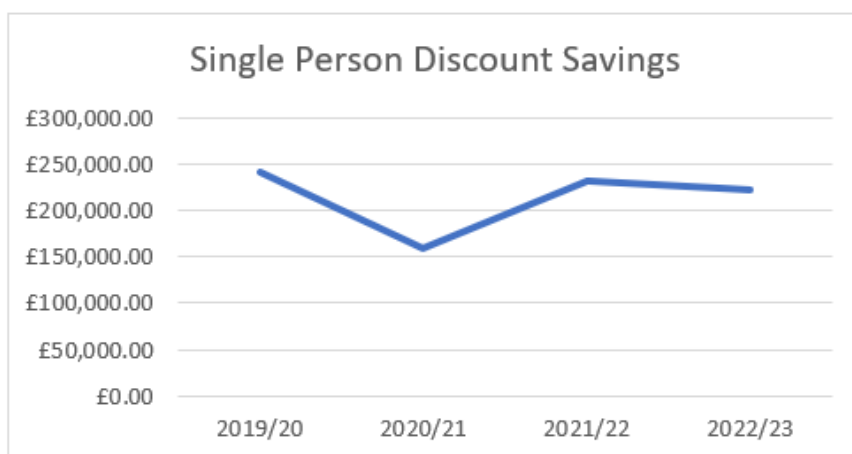
- 9.5.3 Investigations can be closed without a sanction because it is considered to be a genuine error, there is insufficient evidence of fraud, or it is not in the public interest to pursue the fraud. In these instances, the benefit is corrected, and the action taken is recovery action in respect of an overpayment; whilst this is not recorded as a fraud, there is a saving to the taxpayer.
- 9.5.4 Two administrative penalties for Council Tax Reduction Scheme were applied with a value of £1,117.02. Administrative penalties can be offered for lower value offences where sufficient evidence is held for prosecution, but it would not be in the public interest to prosecute.

## Housing benefit

9.5.5 Housing benefit fraud is investigated by the Single Fraud Investigation Service (SFIS) which is a partnership between the DWP Fraud Investigation Service, HM Revenue and Customs (HMRC), and local authorities. ARP will also regularly conduct joint working investigations with the DWP to ensure that frauds are dealt with in the most efficient and cost-effective manner and are informed if there is to be a change to the housing benefit award at the conclusion of the investigation.

## Single person discount fraud

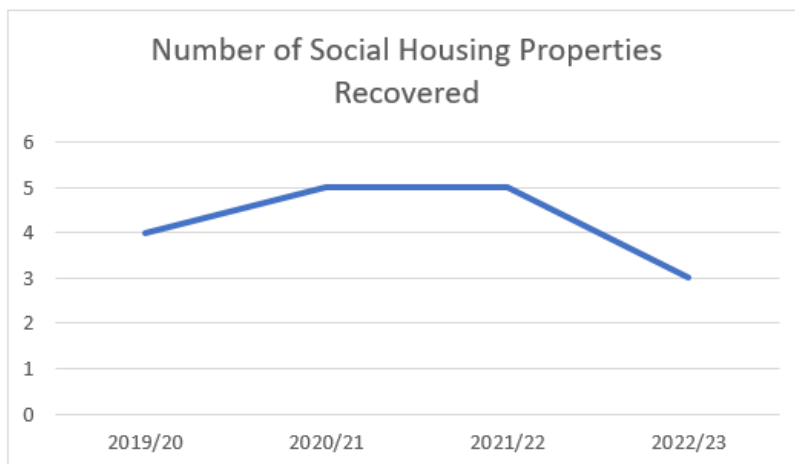
9.5.6 A rolling programme of work is undertaken to review single person discount against credit data to determine if the discount is appropriate. 241 cases were identified, with savings of £222,939 calculated. In line with NFI guidance, the savings are calculated from when the eligibility is removed, the liability for the remainder of the current year plus another year.



## Social housing fraud

9.5.7 Joint working with the housing team and housing associations to tackle fraud such as Right to Buy and subletting abuse. This resulted in three properties being recovered and the removal of an individual from the housing waiting list. These properties can then be offered to those who are eligible for social housing.





## Other fraud activity

9.5.8 Work continues to identify properties which are not on the business rates or council tax database. 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:

- six non-domestic rates (NNDR) properties were identified as not being on the database in 2022 to 2023; the value of the retrospective bills raised for these properties is £188,283.
- 26 cases of council tax avoidance, either through not being on the council tax database or properties no longer being eligible for discounts and exemptions were identified in 2022 to 2023 with bills to a value of £9,170 being raised.

## 10. Fighting Fraud and Corruption Locally

10.1 The CIPFA Fighting Fraud and Corruption Locally Strategy 2020 to 2025 estimates that fraud costs local authorities £7.8bn a year.

10.2 The strategy and its tools provide ways for local authorities to further develop and enhance their counter-fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

10.3 The strategy includes a checklist to make a proper assessment of fraud and corruption risks. The council has measured itself against this checklist and considers that fraud and corruption is well managed.

10.4 The fraud risks raised in the strategy are considered within the council's programme of fraud prevention work.

## **11. CIPFA code of practice – managing the risk of fraud and corruption**

- 11.1 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption provides a number of key principles and expectations to embed effective standards for countering fraud and corruption.
- 11.2 An assessment was undertaken in 2022 to 2023 by internal audit, resulting in a small number of actions to be considered. This assessment continues to be reviewed and incorporated into the annual audit work plan.