

Counter Fraud

2022/23 Six Monthly Update



Introduction

The purpose of the Report is to provide the Audit Committee with a half year update on the number of cases related to fraud and work undertaken in respect of fraud so far.

The report also informs the committee of performance so far against the 2022/23 Counter Fraud Work Plan and the outcomes of pro-active fraud work and investigations to date.

The Council's Policy Statement:

The Council is opposed to any form of fraud or malpractice. The Council is committed to operating in an open and honest way in order to:-

- *Prevent, deter and detect fraud and malpractice*
- *Allow scrutiny and investigation to take place, both internally and externally*
- *Allow rigorous enforcement to take place; and*
- *Reinforce good practice and prevent reoccurrence*

Overview of Cases

The table below summarises the cases to date against the full year figures for 2021/22:-

| | Cases to Oct 2022 | Cases 2021/22 |
|--|-------------------|---------------|
| Referrals to the Single Fraud Investigation Service – DWP | 4 | 7 |
| Tenancy – Notices to Quit issued (For potentially fraudulent reasons e.g. Abandonment, trespass, not main/only home) | 8 | 19 |
| Whistleblowing | 17 | 23 |
| NFI – HB/CTR matches:- Processed | N/A | 404 |
| Fraud | | 0 |
| Errors | | 27 |
| Single Person Discounts Removed | 0 | 514 |

Work Completed / In Progress

The Council undertakes a number of Counter Fraud activities throughout the year, both on it's own and through the Lincolnshire Councils Fraud Partnership (LCFP). The following sets out the progress made against items included on the Action Plan:-

| Ref | Activity | Target Date | Responsibility | Current Position |
|-----|--|--------------------------|---|---|
| 1 | LCFP Single Person Discount Rolling Review | Q2 start Q4 reporting | Lincolnshire Councils Fraud Partnership (LCFP) Head of Shared Revenues and Benefits | This has been delayed mainly due to prioritising the energy rebate scheme. Work is now progressing on the Countywide scheme, which is set to be in place by April/May 2023. |
| 2 | Covid Grants – Fraud Cases and Post Assurance | Q1 start | Head of Shared Revenues and Benefits Assistant Director – Major Developments Internal Audit Manager | Recovery ongoing, no further post assurance work required. |
| 3 | Money Laundering Risk Assessment | Q2 | Internal Audit Manager | Due to other priorities this has not yet been completed. |
| 4 | Self Assessment against the Counter Fraud Strategy | Q4 | Internal Audit Manager | Not yet due. |
| 5 | Small Business Rate Relief checks through a third party | Q1 start | Head of Shared Revenues and Benefits | Small Business Rates Relief (SBRR) continues to be reviewed through a third-party company. |
| 6 | Housing Tenancy Fraud – Fraud strategy | TBC | Tenancy Services Manager | |
| 7 | Roll out of Counter Fraud E-learning and review of Counter Fraud Training requirements throughout the Council. | Q4 | Lincolnshire Councils Fraud Partnership (LCFP) Internal Audit Manager | Awaiting e-learning from the LCFP. |

Work Completed / In Progress

In addition to the work on the Action plan we have also carried out the following:-

- ✓ Updated the Whistleblowing Policy
- ✓ Submitted the data for the National Fraud Initiative
- ✓ Administered the whistleblowing referrals and investigations
- ✓ Completed an internal Council Tax Empty Homes review
- ✓ Rolling review of the small business rate relief through a third party
- ✓ Administered the Council Tax Energy Rebate Schemes

Further information on the cases and work completed is included in the following sections.

Housing Benefit / Council Tax Support

So far this year the number of referrals to SFIS (Single Fraud Investigation Service – DWP) for Lincoln was 4. There have been no prosecutions or admin penalties issued.

Council Tax – Single Person Discount (SPD)/ Empty Properties

There has not been a review of single persons discounts as yet this year. It was expected that we would have starting the rolling review but this has been delayed mainly due to administering the Energy Rebate Scheme. Work is now progressing on the County-wide scheme, with the intention of being in place from April/May 2023.

An internal review was undertaken of empty properties in August/September. The Energy Rebate Scheme had also identified a number of properties registered as empty when in fact they were occupied.

Energy Rebate Scheme

The Council has successfully administered the Energy Rebate Scheme with payments made to all those eligible under the mandatory scheme either into bank accounts or onto Council Tax accounts. Following this a review was completed and it was identified that credits had been made to 29 Council Tax accounts which were later found to be ineligible. These have been removed from the accounts.

NNDR

The NNDR team continue with proactive checks on planning lists and utilising the Visiting Officer capacity within the team. There are regular reviews of reliefs including Small Business Rate relief, Charity relief, and other discretionary relief.

Small Business Rates Relief (SBRR) continues to be reviewed through a third-party company, to cross check against other authorities as to whether a business is in receipt of SBRR. SBRR regulations allow for small single businesses, not multiple.

This is progressing well and has stopped giving SBRR from the outset rather than seeking clawback.

Housing Tenancy

Tenancy fraud covers several areas including unlawful sub-letting or assignment, non-occupation, key selling, application deception, right to buy fraud

So far during 2022-23 8 notice to quits have been issued. These have been for tenants abandoning their property and one for unlawful occupation. All have been ended without recourse to legal proceedings.

Data in respect of Right-to-Buy sales and the Housing Waiting list has been submitted as part of the NFI data matching exercise.

Payroll and Human Resources

There have not been any incidents identified of fraud or error within the service this year. Within Payroll one of the checks carried out ensures that changes to bank details for staff are validated with them prior to payments being made. The system also has a built in control whereby an automatic email is sent to both parties when the bank details are changed on the system by the employee enabling fraudulent attempts to be identified.

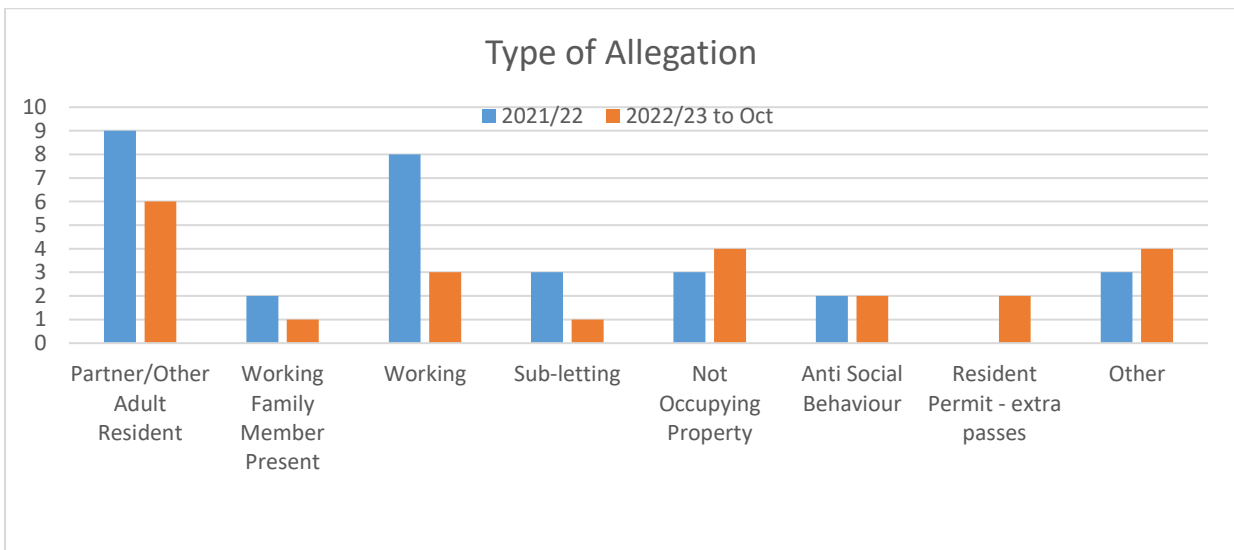
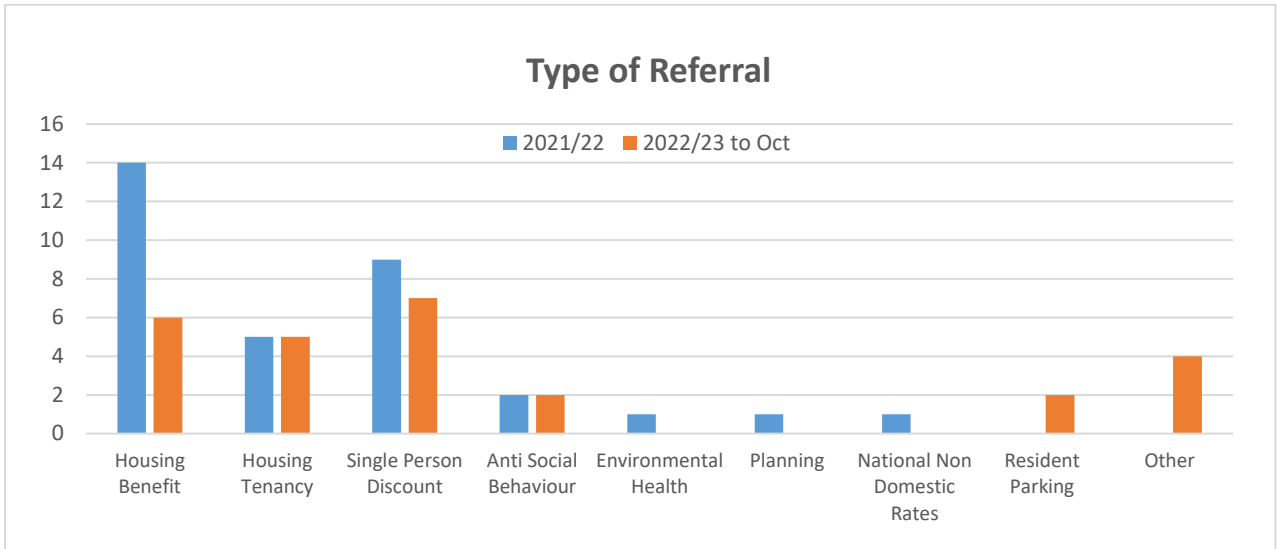
Other fraud / fraud attempts

There have not been any frauds identified within remaining Amber areas within the Fraud Risk Register including procurement, elections and creditors. Notification has been received of a potential fraud affecting creditors whereby invoices are sent to organisations from companies with very similar names to legitimate companies.

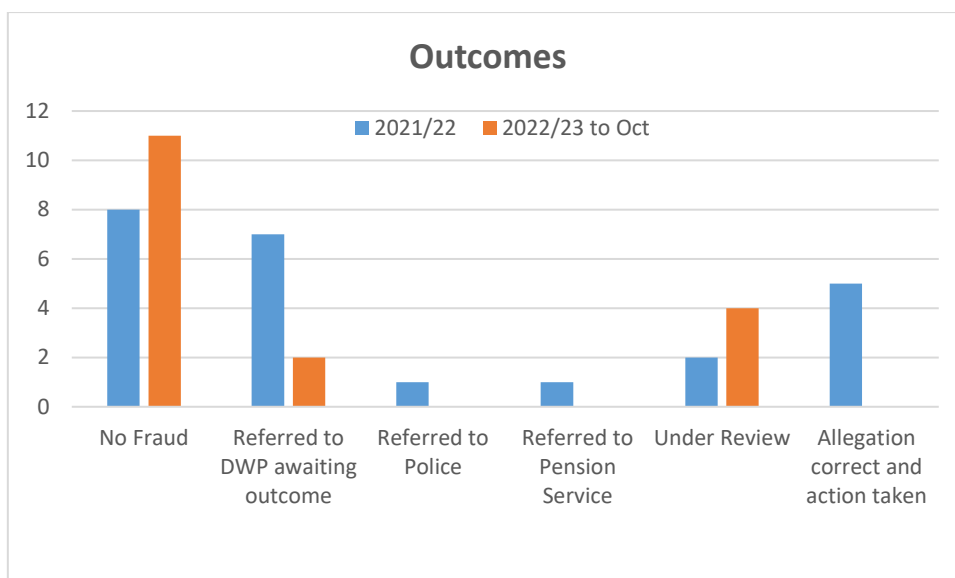
Whistleblowing

The Council has a Whistleblowing line which is operated through Lincolnshire County Council as well as an internal process for receiving Whistleblowing cases. So far during 2022/23 we have received 17 whistleblowing reports.

These are analysed below. Note that each referral can contain multiple allegations covering different types so there are more than 17 cases recorded:-



Whistleblowing



Payment of Housing Benefit and Council Tax Support can be reliant on information provided from the DWP and Pensions Service. Where this is the case the Council pass over the information received through the Whistleblowing process but is unable to change the benefit paid until they receive updated information from the DWP.

National Fraud Initiative

The Council continues to be engaged with the National Fraud Initiative (NFI) which involves national data matching using a range of Council data sources including payroll, benefits, creditors, electoral role, housing and licences. Files are currently being uploaded for the 2022/23 exercise and the matches are expected to be received from January 2023. Work will then commence to review these.

Cyber Crime and Cyber Security

Online fraud, also known as cyber-crime, covers all crimes that takes place online committed using computers, or assisted by online technology. The Council continues to place high importance on cyber security and has included it as an Amber risk within the Fraud Risk Register.

The council uses training provided by an external provider (Cyber Ninja's) which is accredited by the National Cyber Security Centre (NCSC) and covers both data protection and cyber security training. Up to the end of September, training completion levels were around 89%. Going forward this training is to be undertaken annually with all staff and members completing the initial course on Induction and then a shorter refresher course the following year.

So far this year the Council has had one Cyber-attack which was not identified by the recipient. This was a phishing attack whereby an attachment, when clicked, requested the officer's network password. This information was used to send an e-mail containing a link, to multiple people with the aim of harvesting passwords. It was not successful as the link could not be opened. Staff have been reminded to be vigilant and look for suspicious looking e-mails.