



Rushcliffe
Borough Council

Corporate Governance Group

24 July 2018

Annual Fraud Report 2017/18

Report of the Executive Manager - Finance and Corporate Services

1. Summary

1.1 The purpose of this report is to summarise the incidence of fraud and fraud prevention activities at the Council during the year 2017/18.

2. Recommendation

2.1 It is RECOMMENDED that the Corporate Governance Group notes the Annual Fraud Report for 2017/18.

3. Reasons for Recommendation

3.1 To conform with best practice and Public Sector Internal Audit Standards and give assurance to the Corporate Governance Group regarding the Council's fraud prevention environment.

4. Supporting Information

4.1 The Corporate Governance Group, at its meeting on 10 May 2018, resolved that an annual fraud report be brought to the July 2018 meeting of the Corporate Governance Group for approval. This accords with the Terms of Reference of the Group. The purpose of this report is to provide an overview of general and specific fraud related issues that have arisen at the Council during 2017/18.

4.2 In its Annual Fraud and Corruption Tracker Summary Report for 2017 CIPFA (Chartered Institute of Public Finance and Accountancy) estimates that across local authorities more than 75,000 frauds have been detected or prevented in 2016/17 with a total value of £336.2m. The number of fraud cases investigated or prevented dropped in 2017, but the average value per fraud increased from £3,400 to £4,500; the reason for this could be that local authorities are focusing on cases with a higher financial value.

4.3 The report also revealed that procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas. Adult social care fraud has shown the largest growth in the past year, with an estimated £5.6m investigated compared with £3.0m in 2016; and the highest number of investigations related to council tax fraud (76%) with a value of £25.5m.

5. Preventing and Detecting Fraud

- 5.1 Fraud and conduct issues can involve council employees, elected members, partners, customers and the general public. Both conduct and fraud issues can be identified/raised in a number of ways:
- a. Pro-active investigation work, undertaken internally or externally, for example as part of the National Fraud Initiative.
 - b. Referral by employees, elected members, partner organisations, or members of the public Identification by management.
- 5.2 In carrying out its functions and responsibilities Rushcliffe Borough Council is firmly committed to dealing with fraud or corruption and will deal equally with attempted and perpetrated fraud or corruption from inside or outside the Council.
- 5.3 The Council does not have a dedicated fraud prevention resource; however, it is the responsibility of managers as part of the internal control environment to identify fraud and if required, request RSM as the internal auditors to investigate any allegations of fraud. RSM in the course of their audits may also identify any fraud.

6. Whistle-blowing Policy

- 6.1 It is important to any organisation that any fraud, misconduct or wrong doing by workers or officers of the organisation is reported and properly dealt with. The Council encourages all individuals to raise any concerns that they may have about the conduct of others within the Council. The policy applies to all employees and those contractors working for the Council on Council premises, for example, agency staff, builders. It also covers suppliers and those providing services under a contract with the Council in their own premises.
- 6.2 There have been no whistleblowing concerns reported during 2017/18.

7. National Fraud initiative (NFI)

- 7.1 The National Fraud Initiative (NFI) is a data matching exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. A national exercise is undertaken every two years. Once the data-matching process for each exercise is completed, the NFI will make the output available to the relevant participating body for consideration and investigation via the secure NFI software. Participating bodies are then responsible for investigating any matches.
- 7.2 From the exercise the Council have taken action as follows:

Council Tax Single Person Discount

2016/17	2017/18	
847	699	Number of matches reviewed
0	0	Number of frauds identified
110	148	Number of errors identified
£71,746.22	£92,600.09	Amount of Council Tax errors identified

Housing benefit awards, localised Council Tax support awards, taxi and alcohol licences and Council payroll records.

2016 -18

1260	Number of matches reviewed
0	Number of frauds identified
9	Number of errors identified
£7,773.26	Amount of overpayments identified

8. Investigations 2017/18

- 8.1 There were two allegations of fraud during 2017/18. Investigations were undertaken by management. For the one issue identified controls have been improved to avoid any similar occurrence.

2	Number of allegations of fraud/financial misconduct reported
0	Number referred to other agencies (e.g. Police)
2	Number of Investigations completed
0	Resigned/ Dismissed
1	Other action taken (including management advice, warnings)
1	No issue identified
0	Investigations ongoing

9. Benefit Fraud Investigations conducted by SFIS

- 9.1 The Council no longer investigates Housing Benefits frauds. These are undertaken by the DWP Fraud and Error Service (FES).
- 9.2 The DWP has a suite of Management Information that allows Local Authorities (LAs) to monitor the progress of referrals made to FES and also allow LAs to see what outcomes FES are achieving on their behalf. Additionally, it enables LAs to make a comparison of the volume of referrals that they have made against the national average.
- 9.3 For the Council the following data was received for quarter one:

<u>2017/2018</u>	Local Service Investigation	Local Service Compliance	Total cases
Referrals	1	4	5
Outcomes	5	2	7
Positive Outcomes	4	0	4
Ad Pens	0		0
Prosecutions	1		1
LA average referrals per caseload	0.04%		
Great Britain average referrals per caseload	0.16%		

Key:

Referrals	The total number of HB fraud referrals received by DWP in the quarter as a result of HB processing.
Outcomes	Number of FES cases with an outcome recorded in the quarter.
Positive Outcomes	Number of FES cases with an outcome recorded in the quarter. Includes all outcome categories listed in 'Outcomes' except for 'No Result'
Ad Pens	Number of FES cases with an outcome of 'Admin Penalty' recorded in the quarter.
Prosecutions	Number of FES cases with an outcome of 'Prosecution' recorded in the quarter.

10. Other Options Considered

10.1 Not Applicable.

11. Risk and Uncertainties

11.1 If any recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

12. Implications

12.1 Finance

One instance of fraud relating to business rates resulted in a minor financial loss to the Council recovered through the Council's bad debt provision.

13. Legal

None.

14. Corporate Priorities

Not applicable.

15. Other Implications

None.

For more information contact:	Peter Linfield Executive Manager – Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices:	None