

Eden District Council
Accounts and Governance Committee
9 June 2022

Annual Fraud Report 2021/22

Portfolio:	All
Report from:	Interim Director of Resources
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 This report gives an update on how the Council has sought to detect and prevent fraud in 2021/22.
- 1.2 The report includes information that meets the mandatory disclosure requirements of the Local Government Transparency Code 2015.

2 Recommendation

It is recommended that the Annual Fraud Report 2021/22 be noted.

3 Report Details

- 3.1 The Council, like all businesses and individuals, is at risk of fraud. This can be from external organisation, employees or from members of the public. The Council's approach to protecting itself from fraud is set out in its Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan, updated annually and approval sought from this Committee, as set out elsewhere on this agenda.
- 3.2 The Council is particularly vulnerable to fraud relating to the payment of benefits. This is due to the complexity of the schemes and the relatively large sums of money. The Council is responsible for administering the national scheme for both Housing Benefits and the local scheme for Council Tax Reduction.
- 3.3 In July 2015, responsibility for detecting and investigating Housing Benefit fraud transferred to the Single Fraud Investigations Service (SFIS), run by the Department for Work and Pensions (DWP).
- 3.4 The Council needs to protect itself against all types of fraud across all of the business. This report therefore considers how and where fraud can occur and what mitigations are in place to prevent fraud and respond to any occurrences of fraud.

Adequacy of Counter-Fraud Resources

- 3.5 In assessing the resources required, it is important to reflect the Council's small size. The Council does not now have any dedicated counter-fraud staff. A variety of staff were regularly involved in counter-fraud work:

- Interim Director of Resources - the Council's anti-fraud lead officer and with strategic oversight of finance, internal audit and revenues and benefits. They undertake the following roles:

- S151 Officer responsible for overall financial administration of the authority
- Money Laundering Reporting Officer (MLRO)
- National Fraud Initiative Senior Responsible Officer

And are responsible for the following:

- Counter-fraud strategy;
- Annual fraud report
- Undertaking biennial anti-fraud training
- Undertaking biennial check that all staff have read the Counter-Fraud Strategy.

- Assistant Director, Finance & HR

- Co-ordinates the National Fraud Initiative (NFI) response as Key Contact
- Co-ordinates Fraud Training and Awareness across the organisation

- Staff in Benefits

- Clear NFI matches

- TIAA

- Has the role of Head of Internal Audit

3.6 TIAA undertake the function of the Head of Internal Audit and report directly to the Section 151 Officer and the Accounts and Governance Committee.

3.7 There are no officers directly involved in anti-fraud work, this is largely due to the transfer of staff to the DWP in 2015 and relatively low risk to the Council of other types of fraud. In considering resources the Council has to balance the resources required against the likelihood of occurrence.

3.8 In the absence of dedicated staff it is critical that the Council ensures that staff and members are vigilant and understand their responsibilities within the organisation to prevent, identify and report fraudulent or suspicious activities.

Mandatory Requirements of the Transparency Code 2015

3.9 Local authorities must publish the following information about their counter fraud work. The Council shows its response to:

- **Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers** – none, as the Council as no housing stock;
- **Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud** – no full time equivalent;

- **Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists** - none: as noted above, the Council would buy-in such expertise as and when required;
- **Total amount spent by the Authority on the investigation and prosecution of fraud** – nil: although there is some staff input as and when required. As noted above, there is no longer any dedicated resource. If any ‘general awareness’ training is required then there would be the cost of attending a suitable course. If needed, the Council would buy-in additional resources to deal with an urgent need to address any major fraud; and
- **Total number of fraud cases investigated** - nil

Corporate Ownership of Counter-Fraud Arrangements

- 3.10 The Counter-Fraud Strategy notes that whilst this Committee has ultimate oversight of counter-fraud arrangements, the Council’s Corporate Leadership Team is responsible for ensuring that strong and robust counter-fraud arrangements are in place.

National Fraud Initiative (NFI)

- 3.11 The Council participates in the National Fraud Initiative operated by the Cabinet Office. This involves submission of Council Tax, Electoral Register, Payroll, Creditors and Licensing data on a biennial basis (every 2 years).
- 3.12 The last main submission was in 2020/21 with an additional Council Tax Single Person Discount submission in 2021/22.
- 3.13 The Assistant Director, Finance & HR, co-ordinates the submission of the data, monitoring overall progress and outcomes as part of the role of NFI Key Contact.
- 3.14 Payroll and Creditor matches are also reviewed with input from the staff responsible for these areas, to support and inform the ‘annual audit opinion’. The Visiting and Support Officer reviews Benefits matches (based on information provided to the NFI by the DWP).
- 3.15 Over the years, the standard of matches provided by the NFI has improved, some new match types have been introduced and participation is now an important element in the Council’s approach to fraud prevention. The Council’s data is matched with that from other organisations, including the DWP, and this aspect of the exercise continues to be developed by the Cabinet Office.
- 3.16 The reality, however, is that the vast majority of matches investigated have a legitimate explanation or reflect an error rather than an act of fraud. The work does, however, provide an important assurance role that simple duplicate frauds, which are some of the simplest to undertake, aren’t taking place.

Benefit Fraud

- 3.17 In addition to the NFI data matching with the DWP and HMRC, SFIS receive cases of suspected fraud. The Council’s Benefits Investigation Team disbanded in July 2015 when SFIS took over these investigations.

- 3.18 The Council no longer receives NFI referrals for customers receiving a passported benefit. The DWP receive these directly. The DWP do not advise the Council of the outcome of cases referred.

Other Fraud Areas

- 3.19 All internal audits consider possible exposure to fraud with associated testing being incorporated into all audit programmes. Risks are generally considered to be greater in some areas, for example, Creditor payments, than others. Internal Audit identified no issues in relation to fraud during the year. There was also no identification of fraud from other sources.

Money Laundering

- 3.20 No money laundering issues were identified during the year.

Confidential Reporting Code (Whistleblowing)

- 3.21 There were no issues raised in 2021/22.

Effectiveness of the Anti-Fraud Strategy Theft, Bribery and Corruption Strategy and Response Plan

- 3.22 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption requires an annual assessment of the effectiveness of the counter fraud strategy.
- 3.23 It is good practice that the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary.
- 3.24 The review of the strategy is reported elsewhere on this Agenda, the evidence that low levels of fraud have been identified suggests that the strategy is effective and the arrangements in place are working.

Register of Interests and Gifts and Hospitality

- 3.25 In order to monitor compliance with standards of conduct, the Council publishes a Register of Members' Interests on its website. Staff must declare all offers of gifts or hospitality to Internal Audit. These have been reviewed with nothing to indicate material items that could distort decision making.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets sustainable and healthy, safe and secure corporate priorities.

5 Consultation

- 5.1 No consultation has taken place.

6 Implications

6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 There are no proposals in this report that would reduce or increase resources.

6.2 Legal

6.2.1 There are no legal implications arising from this report.

6.3 Human Resources

6.3.1 There are no Human Resource implications arising from this report.

6.4 Environmental

6.4.1 There are no Environmental implications arising from this report.

6.5 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	None arising from this report
Health, Social Environmental and Economic Impact	None arising from this report
Crime and Disorder	None arising from this report
Children and Safeguarding	None arising from this report

6.6 Risk Management

Risk	Consequence	Controls Required
Reputational risk to Council – oversight of the Council's audit and governance procedures is a vital part of transparent governance.	Public confidence could be undermined if due consideration has not been given	Regular updates to Accounts and Governance Committee of what items they can expect to consider

7 Other Options Considered

7.1 No other options were considered.

8 Reasons for the Decision/Recommendation

8.1 The report includes information that meets the mandatory disclosure requirements of the Local Government Transparency Code 2015.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	N/A
Monitoring Officer (or Deputy)	N/A
Relevant Assistant Director	25 May 2022

Background Papers: CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Local Government Transparency Code 2015
<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

Appendices: None

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