



Classification: Open	Decision Type: N/a
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Report to:	Audit Committee	Date: 14 December 2023
Subject:	Annual Fraud Plan	
Report of	Section 151 Officer	

Summary

This report provides an update on the Annual Counter Fraud Plan 2023/24 and the work undertaken by the Fraud Team during the financial year to 30th November 2023.

The conclusions drawn from the report are:

The five policies which have previously been approved by Audit Committee have now been communicated to staff and to the public. The policies are: -

- Anti-Fraud and Corruption Strategy
- Fraud and Corruption Prosecution Policy
- Whistleblowing Policy
- Anti-Bribery and Corruption Policy
- Anti- Money Laundering Policy

The National Fraud Initiative results continue to be checked. The Fraud Team have now checked 1846 entries relating to a variety of matches including Payroll, Housing and Blue Badges. 340 Blue Badges have been cancelled with a Cabinet Office estimated saving of £221,000. A number of further investigations have also been opened relating to other NFI data matching results.

Four cases which have been investigated have been passed to legal services for prosecution.

The Counter Fraud Team have received 475 referrals and have achieved £258,888 in overpayments (including £221K for blue badges) and savings in this financial year to date.

Recommendation(s)

- Members note this report and the work undertaken by the fraud team.

Report Author and Contact Details:

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Department: Corporate Core - Finance

Background

- The Fraud Investigators are members of the FAIR (Fraud, Audit, Insurance and Risk) Team. The team comprises two Senior fraud Investigators, one of which is part-time, and one Fraud Investigator. The team have been established for approximately 8 years; however, they were previously based within the Revenue and Benefits Team and transferred to FAIR following the restructure of the Finance Department which was implemented in January 2023.
- A plan has been compiled which sets out the work the team aims to deliver throughout 2023/24. This is the first time that a plan has been drawn up for the team and it is very much based on the teams' experience and knowledge of work undertaken in previous years. It is the intention that the plan will be under continuous review and will be developed. The team have contacts within Councils both within the boundaries of GMCA and in other regions in the country. By networking and liaising with other teams, the team become aware of any topics / subject areas which fraudsters may be targeting and become aware of work and developments that other colleagues are undertaking. This knowledge will be taken-into account and topics identified will be considered for inclusion in future plans for the Bury team.

ISSUES

- The annual plan for 2023/24 provides for 464 days to be delivered throughout 2023/24. The plan is attached to this report, Appendix A.
- It is intended that updates of the work of the team, including details of any reports produced and funds recovered, will be shared with Audit Committee Members. All the work undertaken is of a confidential nature and therefore will be presented in Part B of the meeting, which is closed to the press and public.
- This report provides an update to Audit Committee of the work undertaken from 1st October to 30th November 2023.

Fraud Awareness and Prevention

Policies

During 2023/24 to date the Counter Fraud Team have reviewed the Anti-fraud and corruption strategy (inc whistleblowing) and five revised documents were produced and presented to and accepted by Audit Committee. The new documents are:-

- Anti Fraud and Corruption Strategy
- Fraud and Corruption Prosecution Policy
- Whistleblowing Policy
- Anti-Bribery Policy
- Anti-Money Laundering Policy.

Since Audit Committee, met in October 2023, the policies have been made available on the Intranet and Internet and a communication has been sent out to all staff making them aware of the new policies.

Manager Training re the Whistle Blowing Policy is planned for February 2024.

Fraud Awareness Week

It was 'National Fraud Awareness Week' 12th November to 18th November. The Fraud Team sent out a communication on social media and to all Bury Council Staff to raise fraud awareness to the public and staff. A coordinated communication was also sent by Six Town Housing on their website and will also be included in their resident newsletter. The communication drew attention to the work of the fraud team and in particular highlighted tenancy fraud.

Pro-Active Counter Fraud Activity

National Fraud Initiative (NFI)

This year, the Counter Fraud Team are leading on checking data matches that are received from the NFI.

In total the NFI results identified 4429 potential fraud matches and, of these, 3240 have been processed and have generated savings estimated of £222,148.00, the majority of which relates to blue badge information. A sum of £20,585.15 is being recovered which relates to incorrect creditor payments and incorrect council tax support payments which have been made. All amounts due to be recovered resulted from errors which had been made and no frauds have been identified.

The Fraud Team have checked 1846 matches relating to a variety of matches including Payroll, Housing and Blue Badges, resulting in 340 Blue Badges being cancelled with a Cabinet Office estimated saving of £221,000. The team have now received three reports of Blue Badge misuse from badge numbers included in those 340 cancelled. Two of the badges have been returned and destroyed. One case has resulted in a warning letter being issued, one has been passed for prosecution and the other case is still ongoing. This shows if the badges were still in circulation (over the 3-year period) it could result in a considerable loss in parking charges to the Council. Other NFI matches (including payroll and Housing), have resulted in further

cases being opened for investigation which are still ongoing. There is nothing of significance to report to Audit Committee at this point.

Operation Challenger

The Counter Fraud Team not only investigates cases of fraud, but also provides a wealth of advice across the Council to services and to external bodies including immigration and the police.

A combination of intelligence, skills and powers from the different enforcement agencies are used to prevent and detect fraud within the Borough.

Currently the following cross-agency teams attend the bi-monthly meeting: GMP – Organised Crime Team; Safeguarding, Intelligence Officers, Bury Council - Fraud; Trading Standards; Private Sector Housing, DWP – Fraud, Probation Service, Immigration Services and the Fire Service.

The Counter Fraud Team have dealt with 53 ‘police checks’ on Bury Council systems, to help the police gather intelligence to tackle crime. These checks include some in-depth requests providing information to combat organised crime which have resulted in the discovery of several large cannabis farms.

Information provided to Rochdale police has helped them contact victims and secure a successful prosecution of 5 offenders who were sentenced to in excess of 70 years for child sexual exploitation.

Responsive Investigation Activity

A total of 475 fraud referrals have been received during this financial year including 386 fraud referrals, 32 Blue Badge misuse referrals and 57 Right to Buy applications requiring additional checks including Money Laundering checks.

The main sources of these referrals came from the National Fraud Initiative exercise (NFI), NSL Limited (Council’s contractor for car parking inspections), Six Town Housing, anonymous referrals and online forms.

A number of these referrals do not progress to formal investigation because after initial examination and research there is not enough information to progress the matter.

Four cases have passed to legal for prosecution. 1 case was for Council Tax Single Person Discount and 3 cases were for Blue Badge misuse.

Other Counter Fraud Activity

The Counter Fraud Team have continued to deal with fraud work related to COVID-19, including allegations of fraud arising from the Pandemic.

The team have documented the details of their findings which highlights Business Rates accounts which require a review of charges and grant eligibility.

The report outlines 58 Business Rates accounts for review with a potential value of approximately £740,000 in additional Business Rates charges which may need to be recovered and £245,000 in Covid-19 grant overpayments. This information has been passed to the Business Rates Team for review and to take any appropriate recovery action.

The Counter Fraud Team met with the Revenues and Benefits team on the 8th November 2023 but at that point limited progress had been made to progress the report. Since the report was produced, two cases have been closed following the receipt of information made under data protection requests and the value of Business rates which may be recovered has reduced to £723,000k.

A separate investigation into a Business rates account, not included in the exercise referred to, has led to an invoice of approximately, £60k being raised to recover business rates relief which appears to have been incorrectly claimed by the occupant, additionally £10k covid grant has been invoiced for recovery from the same debtor. The debtor has not admitted liability of the debts but they have agreed a plan to repay the debt.

The team will continue to liaise with the Business Rates Team and will bring updates to future Audit Committee meetings.

Data Protection Requests

The Fraud Team have also responded to a 69 general Data Protection requests which include internal requests for teams such as Trading Standards and Licensing which helps combat illegal activity within Bury Council's boundaries.

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

The Fraud Team undertakes work across the Council, to raise the profile of fraud awareness, and undertake investigations where there is suspicion that fraud may have been perpetrated. They also undertake preventative work, examining applications for Council services / benefits where it is known the opportunity of fraud does exist. The workplans cross all areas of the organisation. The team works closely with the Internal Audit Team and highlights areas for inclusion in the Internal Audit Plan. The Fraud Team are able to make recommendations for improvements to be made to systems in place to improve the control of and protect the assets and resources of the Council. The control and mitigation of the loss of funds gives the

assurance that public money is used in an appropriate manner to deliver the Corporate Priorities.

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

The Fraud Team provide assurance to Committee Members and the public that the organisation is preventing and investigating fraud. They work alongside Internal Audit and also ensure the areas they examine are being operated in line with legislation and in line with agreed policies and procedures which have considered the requirements of the Equality Act 2010.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

N/a – no decision required

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
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The Council is a large organisation which has the potential to be targeted by fraudsters who try to divert the assets of the Council for improper gain.	The fraud team undertake both proactive and reactive exercises to prevent fraud and to investigate any alleged incidents of fraud. A zero tolerance to fraud and corruption is in place and where appropriate, internal disciplinary action is taken and / or criminal proceedings take place.
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Legal Implications:

The Council must have a sound system of internal control which includes the work of the Fraud Team having an effective annual plan and regular review of the key policies is good practice to ensure that the Council meets its legal obligations and ensures compliance with the Council's constitution.

Financial Implications:

Whilst there are no direct financial implications arising from this report, the work of the fraud team to prevent, detect fraud and prosecute where fraud is found to have occurred can result in recovery of funds to the Council.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

- Counter Fraud Strategy
- Fraud Plan 2023/24

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
FAIR Team	Fraud, Audit, Insurance and Risk Team