
NORTH AYRSHIRE COUNCIL

28 May 2019

Audit and Scrutiny Committee

Title: Corporate Fraud Annual Report 2018-19

Purpose: To provide the Audit and Scrutiny Committee with an annual overview of the work of the Corporate Fraud Team during 2018-19.

Recommendation: That the Committee notes the work carried out by the Corporate Fraud Team during 2018-19.

1. Executive Summary

- 1.1 The Corporate Fraud Team provides the Council with the capacity to investigate fraud both within and against the organisation.
- 1.2 Committee receives bi-annual updates on the work of the team. A mid-year update for 2018-19 was provided in November 2018 and this report provides an overview of the key achievements during the full year.

2. Background

Investigation Work

- 2.1 Referrals for investigation have been made to the team from a number of sources, including Customer Services and Housing, members of the public and other agencies and local authorities. The publicity used by the team, including posters and leaflets, advertising on Council vans and contact information on the Council website, continues to be successful in generating a constant stream of referrals.
- 2.2 Investigations have been carried out covering employee-related matters as well as a range of service areas including Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and Housing tenancy issues. Although responsibility for investigating Housing Benefit fraud lies with the DWP Single Fraud Investigation Service (SFIS), issues may be identified by the Corporate Fraud Team which can result in changes being made to benefits in payment.
- 2.3 The team received 356 referrals for investigation during 2018-19. All referrals made to the team are investigated although many can subsequently prove unfounded. 69 onward referrals were made to other Council Services or other agencies including SFIS, Police Scotland and the National Crime Agency.

Outcomes

- 2.4 Employee-related investigations are the subject of a separate report to the appropriate Service and the findings are also reported to the Audit and Scrutiny Committee.
- 2.5 Successful financial outcomes valued at just over £132,000 were achieved as a result of the work of the team during 2018-19.
- 2.6 The team investigates all tenancy abandonments which are referred by Housing. While Housing focusses on recovering the tenancy, the Corporate Fraud Team can add value by locating the missing tenant, which can often lead to changes to benefits or discounts in payment elsewhere, as well as enabling Housing to recover costs associated with house clearances and cleaning. 22 tenancies were recovered, and financial recoveries are included within the figure at 2.5 above.
- 2.7 23 Blue Badge referrals were investigated, and this resulted in the recovery of five badges, the issue of warning letters and 4 cases being referred to the Procurator Fiscal for prosecution.
- 2.8 The team led the Council's response to a number of HMO (House of Multiple Occupation) investigations, working with Licensing, Building Standards and the Private Sector Housing Team. Three landlords were reported to the Procurator Fiscal and the court cases are pending. Any outcomes from these will be included in a future report to the Committee.
- 2.9 Following an investigation into the theft of materials from the Bartonholm recycling centre in Irvine, four employees were dismissed, reported to the Procurator Fiscal and subsequently convicted. A fifth employee pled not guilty with the court case pending.

Pro-active Work

- 2.10 In addition to the reactive work detailed above, the team also carried out a pro-active review of all empty domestic properties in receipt of Council Tax relief. This resulted in additional financial recoveries of around £8,000.
- 2.11 A data matching exercise has commenced using Council Tax and Licensing data. Specialist data matching software was utilised by the team to compare the two sets of data with the aim being to identify unregistered landlords and landlords whose registration has or is about to expire, as well as other areas of risk or suspicious activity. The outcome of this exercise will be included in the next report to Committee.

Other Updates

- 2.12 The team has commenced formal joint working with DWP in relation to cases with Housing Benefit and Council Tax Reduction elements – the aim is to share information and maximise the outcome from these cases.
- 2.13 The latest biennial National Fraud Initiative (NFI) commenced in October 2018 with the submission of data sets to the Cabinet Office. The team co-ordinates the Council's participation in the NFI. Data matches were received in February 2019 and passed to the appropriate teams for further investigation. This exercise is due to be complete by March 2020.

2.14 Internal Fraud Awareness Week took place between 11th and 17th November and awareness-raising events were held by the team at Irvine Library, Saltcoats Town Hall and Kilbirnie Library.

3. Proposals

3.1 It is proposed that the Committee notes the work carried out by the Corporate Fraud Team.

4. Implications/Socio-economic Duty

Financial:	None.
Human Resources:	None.
Legal:	None.
Equality/Socio-economic Duty:	None.
Children and Young People:	None.
Environmental & Sustainability:	None.
Key Priorities:	The work of the Corporate Fraud Team helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
Community Benefits:	None.

5. Consultation

5.1 No consultation has been required in the preparation of this report.

Laura Friel
Executive Director (Finance and Corporate Support)

For further information please contact **Paul Doak, Senior Manager (Internal Audit, Risk and Fraud)** on **01294-324561**.

Background Papers