
NORTH AYRSHIRE COUNCIL

29 May 2018

Audit and Scrutiny Committee

Title: Corporate Fraud Team Annual Report 2017/18

Purpose: To provide the Audit and Scrutiny Committee with an annual overview of the work of the Corporate Fraud Team during 2017/18.

Recommendation: That the Committee notes the work carried out by the Corporate Fraud Team during 2017/18.

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 2017/18 was provided in November 2017 and this report provides an overview of the key achievements during the full year.

2. Background

Internal Investigations

- 2.1 The team received 19 separate referrals involving Council employees during 2017-18. These can be summarised as follows:
 - 10 were closed without issue;
 - 5 were concluded with a report and action plan for the appropriate service and reported to the Audit and Scrutiny Committee;
 - 4 investigations remain ongoing.

External Investigations

- 2.2 Referrals for investigation have been made to the team from a number of different sources, including Revenues and Benefits 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, has been successful in generating a stream of referrals.
- 2.3 Investigations have been carried out across a range of 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 DWP, issues may be identified by the Corporate Fraud Team which can result in changes being made to benefits in payment.
- 2.4 The team received 362 referrals for investigation during 2017-18. 89 onward referrals were made by the team to DWP, the Council's Anti-Social Behaviour Investigation Team and other agencies.
- 2.5 All referrals made to the team are investigated although many can subsequently prove unfounded. However, as a result of the work carried out by the team during 2017-18:
 - Financial recoveries of over £39,000 were achieved
 - 31 Council houses were recovered through joint working with Housing in relation to tenancy abandonments;
 - 1 Council housing application was withdrawn;
 - 1 Blue Badge was recovered.

Pro-active work

- 2.6 In addition to the reactive investigation work outlined above, the team has devoted considerable resource to pro-active work during 2017-18.
- 2.7 A data match between the Council Tax and Payroll systems carried out by the team has resulted in new recovery arrangements being put in place for £238,000 of Council Tax debt.
- 2.8 The team also visited all non-domestic properties across North Ayrshire which were in receipt of Empty Property Relief. This exercise resulted in the withdrawal of a total of £33,000 of relief from 14 properties.
- 2.9 Investigators have started to explore other options for data matching between Council systems to identify potential frauds for further investigation. A match between the Landlord Register and the Council Tax system was carried out to identify potential Houses of Multiple Occupation (HMOs) that are not registered. The Corporate Fraud Team has led investigation into these, working in conjunction with Licensing, Building Standards and the Private Sector Housing Team, and a number of cases are being prepared for referral to the Procurator Fiscal.

National Fraud Initiative (NFI)

- 2.10 The Corporate Fraud Team co-ordinated the Council's participation in the National Fraud Initiative (NFI) exercise. Investigation of the 2017 data match was concluded during 2017/18. The team investigated matches in relation to Council Tax Reduction (CTR) and Single Person Discount (SPD) which resulted in backdated financial recoveries of over £67,000.
- 2.11 Audit Scotland will be publishing a national report on the outcomes from the NFI and this will be reported to a future meeting of the Audit and Scrutiny Committee.

International Fraud Awareness Week

- 2.12 This took place between 13th and 17th November and a number of awareness-raising events were held by the team in public areas across North Ayrshire, including Council offices and local supermarkets.

3. Proposals

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

4. Implications

Financial:	None.
Human Resources:	None.
Legal:	None.
Equality:	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.



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

Background Papers

N/A