
NORTH AYRSHIRE COUNCIL

31 May 2022

Audit and Scrutiny Committee

Title:	Corporate Fraud Team Annual Report 2021/22
Purpose:	To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team during 2021/22.
Recommendation:	That the Committee notes the work carried out by the Corporate Fraud Team.

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 2021/22 was provided in November 2021 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 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, continues to be successful in generating a stream of referrals.
- 2.2 Investigations have been carried out across a range of areas including employee-related matters as well as Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and Housing tenancy issues. Although responsibility for investigating Housing Benefit fraud now 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. Joint working with the DWP paused during the COVID-19 pandemic, however DWP have intimated that they will be looking to recommence this work. This formal joint working arrangement is in place for cases where there are suspected frauds relating to both DWP benefits and Council Tax Reduction.

- 2.3 The team investigates all tenancy abandonments which are referred by Housing. While Housing focus 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.
- 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 as each investigation is finalised.

Outcomes 2021/22

- 2.5 The team received 280 referrals for investigation during 2021/22 (2020/21: 265 referrals). All referrals made to the team are investigated although many can subsequently prove unfounded.
- 2.6 Like many Council Services, the Corporate Fraud Team continued to work in different ways throughout 2021/22. Property visits were suspended for the full year, and face-to-face interviews were only carried out in the most exceptional cases.
- 2.7 Despite this, 284 cases were closed during 2021/22 (2020/21: 287 cases). These can be categorised as follows:

Outcome	Number of Cases
Closed with no issues identified	128
Referred to another agency (including SFIS) or Council Service for investigation	74
Closed with results achieved (fraud, error or other recovery/action)	82
TOTAL	284

- 2.8 Fraud and error totalling £0.175m were identified and are categorised in the table below:

Category	Value (£000)
Housing Benefit	14
Council Tax (including CTR, Single Person Discount and other recoveries)	59
Covid-19 grants	16
Discretionary Housing Payments	2
Non-Domestic Rates	2
Housing	28
Procurement/Accounts Payable	40
Other	14
TOTAL	175

- 2.9 In addition to the financial outcomes noted above, other outcomes/benefits were noted as follows:

- 32 tenancies were recovered by Housing with assistance from the Corporate Fraud Team. Associated financial recoveries are included within the table at 2.8 above.

- Six warning letters were issued for blue badge misuse, with two of these badges being recovered.
- Two cases were referred to the Crown Office and Procurator Fiscal Service (COPFS) for them to consider prosecution.

Pro-active Work

- 2.10 Two data matching exercises are currently underway using data from the council tax and payroll systems, the aim of which is to identify any anomalies in the council tax accounts of council employees.
- 2.11 Some work from these exercises is still in progress, however the results at the end of 2021/22 were as follows:
- four cases of council tax arrears where recovery has commenced (£0.004m)
 - 28 cases with single person's discount anomalies (£0.026m).

National Fraud Initiative (NFI)

- 2.12 The latest biennial National Fraud Initiative (NFI) commenced in October 2020 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 between February and September 2021 and passed to the appropriate teams for further investigation.
- 2.13 This exercise was completed on time by the due date of March 2022 and the outcomes will be reported to a future meeting of the Audit and Scrutiny Committee once Audit Scotland publish their 2020/21 outcomes report in summer 2022.

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

- 4.1 None.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The work of the Corporate Fraud Team helps to support the efficient delivery of the strategic priorities within the Council Plan 2019-2024.

Community Wealth Building

4.7 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 **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294 324524**.

Background Papers

None