

# AUDIT & GOVERNANCE COMMITTEE

29 OCTOBER 2020

## REPORT OF THE HEAD OF AUDIT AND GOVERNANCE & MONITORING OFFICER

### COUNTER FRAUD UPDATE

#### EXEMPT INFORMATION

None.

#### PURPOSE

To provide Members with:

- an update of counter fraud work completed this financial year, including updated fraud action plan and fraud risk register and;
- request the Committee's approval of the new Prevention of the Facilitation of Tax Evasion Policy Statement and Procedures to compliment the Council's existing counter fraud and whistleblowing policies / procedures.

#### RECOMMENDATIONS

**That the Committee:**

- 1 Notes this update report, including the updated fraud action plan at **Appendix 1** and fraud risk register at **Appendix 2**.
- 2 Approve the new Prevention of the Facilitation of Tax Evasion Policy Statement and Procedures at **Appendix 3**.

#### EXECUTIVE SUMMARY

##### Counter Fraud Update

Counter fraud work this financial year has been largely dominated by counter fraud checks on Covid-19 related grant application i.e. small business grant / hospitality & leisure grant / discretionary grant awards. Those checks will shortly extend to the new Test and Trace Scheme Payments.

In addition, new matches continue to be received through the National Fraud Initiative (NFI), the Cabinet Office's national data matching service. This year is also a national exercise year which means that data sets across the public sector is matched to prevent and detect fraud. The Council's data sets are currently being collated for upload by the NFI's deadline of 1 December 2020.

Routine counter fraud work including NNDR, Council Tax Reduction, Single Persons Discount, illegal sub-letting and non-residence of council housing has continued. A summary of results to the end of September 2020 is as below:

Type of fraud case	Number of cases investigated	Number of cases proven	Value
Council tax reduction	14	4	£12,333.45
Housing benefit	2	0	£0.00
Housing sublet	0	0	0
Housing – non residence	0	0	0
NFI Housing Waiting List (removal) *NFI attach £3,240 as an indicative saving from the removal)	NFI Dataset	1*	£3,240*
NFI SPD check	NFI Dataset	1	£387.15
<b>Total</b>		<b>6</b>	<b>£15,960.60</b>

In addition to the above, proactive checks have been undertaken on 23 housing related applications (18 Right to Buy and 5 Housing) at application stage.

As the Committee is aware, in line with good practice, a fraud response plan and fraud risk register is maintained and reviewed on a regular basis. The latest fraud action plan is detailed at Appendix 1 and fraud risk register at Appendix 2.

### **Prevention of the Facilitation of Tax Evasion Policy Statement and Procedures**

Part 3 of the Criminal Finances Act 2017 created a corporate criminal offence where a corporate entity fails to prevent the facilitation of tax evasion by its staff, agents and contractual associates. As a corporate entity, good practice (and a defence) against charges of the facilitation of tax evasion, is to have a policy (draft attached), proportionate risk assessment and to communicate the policy to all staff (including targeted training where necessary – e.g. finance / business support staff).

A draft policy has been produced for the Committee’s approval at Appendix 3.

Once approved this policy / procedure will compliment the suite of counter fraud policies that the Council already has in place (anti-fraud & corruption, whistleblowing, ant money laundering etc.). Next steps will be production of the risk assessment, issue of the policy to all staff via the Astute system and provision of targeted training to finance and business support staff.

### **RESOURCE IMPLICATIONS**

None.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

Without sufficient counter fraud arrangements in place, the risk of fraud / corruption is increased. This can lead to a loss of Council assets / resources / fines and associated reputational damage.

## **SUSTAINABILITY IMPLICATIONS**

None.

## **BACKGROUND INFORMATION**

None.

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## **LIST OF BACKGROUND PAPERS**

### **APPENDICES**

<b>Appendix 1</b>	<b>Fraud Action Plan 2020/21</b>
<b>Appendix 2</b>	<b>Fraud Risk Register</b>
<b>Appendix 3</b>	<b>Prevention of the Facilitation of Tax Evasion Policy Statement and Procedures</b>