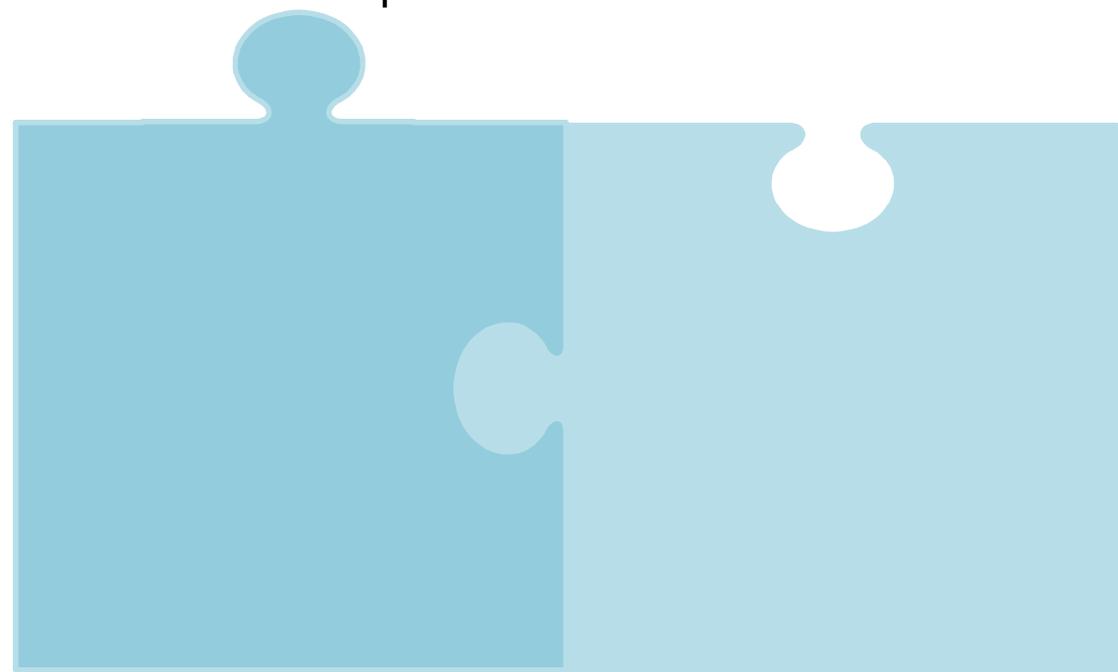


Doncaster Council

**Preventing and Detecting
Fraud and Error Report**

October 2017 to September 2018



Introduction – The Overall Picture



Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies.

The nature of the Council is constantly changing. This means that the Council's approach to counter fraud work is constantly under review. New initiatives (both internal and external) are continually sought and we actively participate in pilot exercises where appropriate.

The investigation of fraud within the Council is not centralised and is carried out by Internal Audit Services mainly but additional investigative work is undertaken within Parking Enforcement in respect of Blue Badge fraud and within Revenues and Benefits in respect of Council Tax and occasionally Business Rates.

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk/>. Our strategy is aligned to the Government's Fighting Fraud Locally 2016-2019 strategy (shown visually below).



Information within this report is required to be published under the Government's Transparency Agenda.

The Overall Picture

The Council remains exposed to fraud risks but is consciously aware of them and their effects and takes proactive steps to prevent and detect fraud across the Council.

The overall level of fraud experienced by the Council remains very low for a council of this size and proactive detection and data matching is helping to further mitigate any such risks. Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, KEY STATISTICS boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period October 2017 to September 2018.

Counter Fraud Activity – Acknowledge

The shape and activities of the Council are constantly changing to keep pace with the changes in economy, society and political environmental within the UK. These changes represent risk both in terms of business risks and in fraud risks that must be taken into account to effectively tackle fraud and corruption.



Roles and Responsibilities

- *The Council has a duty to protect the public purse in all of its activities.*
- *The Council's Anti-Fraud and Corruption Framework outlines the roles and responsibilities across the Council in fraud matters.*
- *Internal Audit remains a key player in the investigation, prevention and detection of fraud.*
- *It remains the responsibility of managers throughout the Council to implement robust controls that prevent and detect fraud where it occurs.*

- *The Council has a Fraud Risk Register that is in use that is currently maintained by Internal Audit. This is a very comprehensive list of fraud risks containing 30 different fraud risks.*
- *Overall risks are being re-reviewed across the organisation during quarters 3 and 4 of 2018/19.*
- *New and emerging fraud risks are added to the register and risk assessed as they are uncovered locally and across the sector.*



Fraud Risks

Money Laundering



- *The Council has updated its Money Laundering Policy which was approved at Audit Committee in July 2018.*
- *Training for these updated arrangements has been designed as electronic e-learning training and is due for roll out in October 2018.*
- *Staff involved in the collection of income, property sales, treasury management, financial management and other similar fields will complete the new training.*

Counter Fraud Activity– Prevent and Detect

The Council aims to prevent fraud through robust internal controls and governance arrangements controlling how the Council is run. These arrangements are the subject of audit reviews and are reported regularly to the Audit Committee.

Detection, however, comes in the forms of many different initiatives.



The National Fraud Initiative

The Council actively participates in the NFI annually run by the Cabinet Office. It matches the data of over 1300 public and private sector bodies in order to identify data conflicts and anomalies that could be fraud or error for investigation. This is a significant piece of work for the council.

NFI matches are released annually although the data checks run follow a 2 year cycle.

The previous cycle for the 2016/17 financial year has now come to an end and was reported in the 2017 Preventing and Detecting Fraud and Error report. In 2017/18, only Council Tax based reports were released.

The Council has alternative methods for detecting Council Tax fraud and error. Whilst the Council participates in the match nationally (as is the requirement), results are sample checked to ensure that the issues identified by the NFI were being detected by our internal works. Due to this, the results shown here show no fraud or error detected. Any such detections will instead appear under the heading “Council Tax Single Person Discount Reviews”.

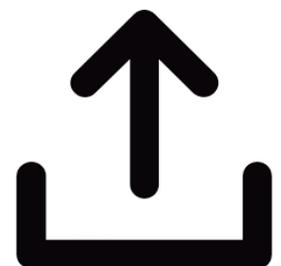
Key Statistics

Reports Released	2
Total Matches Released	4867
Completed Matches	0
Review Not Needed	4867
Matches to Review	0
Number Resulting In Issues	0

The 2018/19 NFI Exercise

The 2018/19 NFI exercise starts in October 2018. Data collections are being made for the following data sets:

- Blue Badge parking permits
- Creditor payment information
- Housing tenant information and housing waiting list information
- Market trader information
- Personal budget recipient information
- Pensions and payroll information
- Right to buy information
- License information (taxis and personal alcohol licenses)
- Private supported residential care home information.



Information on the National Fraud Initiative is available on the Council’s website at www.doncaster.gov.uk or by searching the www.gov.uk website for the full information on the initiative, data used and how it is operated.

Counter Fraud Activity– Prevent and Detect



Blue Badge Fraud

Blue badge fraud occurs where individuals misuse use a blue badge (issued to someone with reduced mobility). This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge was issued to is now deceased.

Blue badge fraud reduces the Council's parking revenue and takes up valuable spaces for less mobile and / or elderly persons.

Operations are currently planned for the remainder of this year to detect further cases and act as a deterrent to other badge holders / badge users.

Key Statistics

Result		Fine including awarded court costs
Caution	7	
Written Warning	12	
Prosecuted	8	£3043
Ongoing cases	11	Not yet available

Housing Benefit Overpayments

Housing benefit overpayments occur for a variety of reasons for example through error or fraud by the claimant, error or fraud by the landlord or the agent, a change to entitlement that is not reported or delays in reporting changes to circumstances for the claimant. Most overpayments happen because there has been a change in the claimant's circumstances that was not communicated to the Council or was communicated late. Housing benefit fraud happens when these changes are deliberately not reported.

Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement).

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In April 2018, the Department for Work and Pensions implemented the Housing Benefit Debt Service (HBDS) project. The service provides local authorities with a solution that allows access to real time employment and income information to help with the recovery of Housing Benefit debt via Direct Earning Attachments (DEAs – this is where a specified proportion of the earnings income of the debtor is paid to the Council to repay the debt). The new service also has the ability to locate debtors who have changed address since the debt was created.



Key Statistics

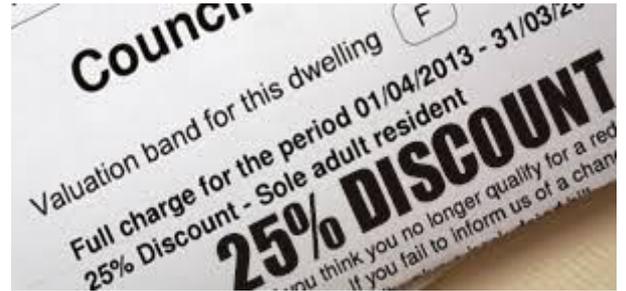
Records Requested	1082
Direct Earning Attachments	390
New Invoices Produced	176
Value	£27,331

Large amounts of debt, some dormant for many years, are now back in recovery nationally due to local authorities now having the access to real time employment and income information allowing recovery through these Direct Earning Attachments. Doncaster Council is actively participating in this project and has reinstated debt for recovery to the value of £27,331.

Counter Fraud Activity– Prevent and Detect

Single Persons Discount Reviews

The Council carries out a 12 month rolling review of single occupier discounts in a bid to ensure only those entitled receive a discount. This is done with a view to reviewing the discounts in place and identifying and correcting fraud or error within the Council Tax base.



The rolling review targets the borough by postcode issuing review letters to each of the claiming households. These letters prompt individuals to notify us of changes in circumstance that may otherwise have been missed. Where individuals do not respond to the review letter within the specified timescale, discounts are cancelled.

Single Person Discount is currently applied to around 30,000 non benefit households in the Doncaster area with an average cost (based on a Band A property) of £250 per claiming household (for a full year).

In the 12 months ended September 2018, 1120 single persons discount cancellations have been effected. This represents a cancellation of 5.3% of the accounts reviewed.

This is estimated to bring in £280k of additional income to the Council (this is estimated based on the cancelled discount of a Band A property remaining cancelled for 1 year).

Key Statistics

**October 2017 to
September 2018**

Households reviewed	21,033
Cancelled discounts	1,120
Estimated value of cancellations	£280,500

Local Authority and DWP Joint Fraud Investigations

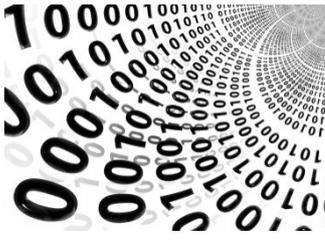
Since the implementation of SFIS (the Single Fraud Investigation Service) all Social Security benefit fraud has been investigated by the Department of Work and Pensions (DWP).

Council Tax Reduction Scheme fraud (CTRS) is not a social security benefit and is, therefore, not considered in any criminal investigation by SFIS. However, there is a high degree of correlation between those committing social security benefit fraud and those also committing council tax reduction scheme fraud. Joint working between councils and the DWP enables those committing both types of fraud to be dealt with under 1 combined investigation.

After a successful pilot stage of joint investigations, it is now proposed to roll out joint working throughout local government. Doncaster have signed up to this initiative and should commence joint investigations by May, 2019.



Counter Fraud Activity– Prevent and Detect



Internal Data Matching Initiatives

Doncaster Council holds lots of information in lots of different information systems. This information can be analysed and cross matched in order to detect fraud and error. 2 different initiatives have been undertaken during the year. These are highlighted here.

Creditor Invoice Matching

The Council runs software on a daily basis against invoices paid (or due for payment) to prevent and detect any possible fraudulent (or more likely duplicated) invoices. These results are worked through by the Council's Accounts Payable team and payments cancelled or recovered as appropriate.

The statistics included here include preventions / recoveries from the Council, St Leger Homes and the Doncaster Children's Trust. This is due to the fact that all of these partners use the same system to prevent, detect and record fraud and duplications.

Key Statistics

	<u>No of Invoices</u>	<u>£</u>
Prevented payments	72	£356,771
Recovered Overpayments	12	£122,206

Payroll to Creditors Matching

Internal Audit run data comparisons on a monthly basis between Payroll and Creditors data in order to detect employees who are incorrectly remunerated through the creditors system or conflicts of interest that are improperly managed and could expose the Council to fraud.

Conflicts of interest occur when the activities of the employee conflict with the activities of the Council or service area. Not all matches will reveal an actual conflict of interest, but

Key Statistics

Matches to be reviewed	1046
Under review / investigation	31
Completed Reviews (Oct 17-Sept 18)	<u>717</u>

Of Which:-

Other Payment - No issue	104
Match correct but no actual conflict detected	602
Conflict of Interest (Now Resolved)	<u>11</u>
	<u>717</u>

where they exist, these can be exploited to the detriment of the Council. It should also be noted that other payments are also routed through the creditors system which occasionally match to employees. These are payments such as direct care payments and are excluded from our investigations.

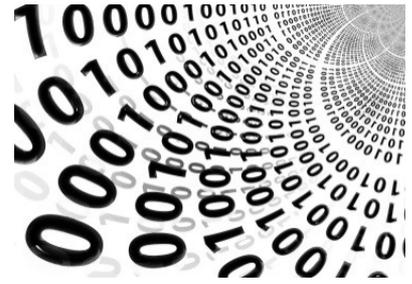
Resulting matches are investigated and acted on as appropriate.

Counter Fraud Activity– Prevent and Detect

Housing Tenancy to Council Tax Matching

An exercise was undertaken in July 2017 to match information on housing tenancies to council tax data by Internal Audit Services.

The match attempted to identify discrepancies between the systems worthy of further investigation such as where the Council Tax payer is not listed as a housing tenant (or other person listed as at the address as per St Leger Homes who manage Doncaster Council's housing stock) or where there is a joint tenancy in place where there is a single persons discount in place.



Key Statistics

Total Number of Properties Matched	<u>20073</u>
No of Mis-Matches	2325
No of Matching Records (or excluded records such as emergency temporary housing properties)	17748
<hr/>	
Results	
Referred for Council Tax investigation	87

These matches have now been investigated and where necessary data quality issues have been corrected.

As a direct result of the work, 87 cases were referred for further investigation to determine whether frauds were taking place and correct any Council Tax Reduction entitlement. The results of these further investigations are not yet available.

Counter Fraud Activity– Pursue

The Council aims take action against any fraud that it detects during any of its activities.

The pursuit of individuals responsible for fraud is on 3 main levels.

- 1) Internal pursuit through the disciplinary policy ;
- 2) Civil recovery of any losses; and
- 3) Criminal action where possible through the Police and Courts.



The cases listed here give as much detail as possible under the Data Protection Act. Where a case is ongoing, any information that could prejudice the case has been withheld.

Internal Audit Services has worked on the following cases in the 12 months to the end of September 2018. Values have been quoted where it is appropriate to do so.

Social Care Supplier

The Council received a whistleblow from an external individual reporting potential overcharges being made by a care company for care paid for by Doncaster Council. This whistleblow affected other local authorities and an investigation was launched by the Police. All care payments to the alleged supplier were investigated, however, no evidence of fraud / overcharging was detected and the case was eventually closed by the Police.

Fraudulent Invoices

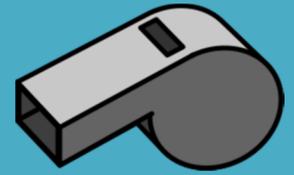
The Council, like any other large organisation, is constantly the target for fraud. Supplier payments are often considered a lucrative and easy target. As a result, fraudsters often target supplier payment systems in their frauds. These range from fake / false invoices submitted in order to illicit payments for goods and services that were never received (or from fake / non-existing suppliers), to attempts to get organisations to change the bank details held against a supplier in order to re-direct legitimate payments to the fraudsters.

The Council has received both types of attempted frauds this year and managed to successfully stop / avoid all but 1 of the attempts made. However, during April / May 2018, the Council fell foul to a bank details change request (known as bank mandate fraud) and changed the bank details on one supplier to that of a fraudster. This resulted in the payment for 9 relatively small invoices, being diverted to the fraudsters (a total loss of £6,531).

A detailed review of procedures was undertaken and the procedures were reinforced to prevent any further exposures. Whilst this issue was reported to Action Fraud, the Council was unable to recover the monies lost.

Raising Concerns

Concerns about fraud and corruption against the Council are always accepted. This section gives details on how these concerns can be referred in for investigation.



If you have any concerns, please report your suspicions as quickly as possible together with all relevant details. Council would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received. All reported suspicions will be dealt with sensitively and confidentially.

Blue Badge Fraud Concerns



Blue Badge misuse can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>

Benefits Fraud Concerns



Suspected benefits fraud can be reported on line on the Doncaster Council website at

<http://www.doncaster.gov.uk/report-it>



OR

By telephoning the National Benefits Fraud Hotline on 0800 854 440

Other Fraud Concerns

Other concerns can be reported to using any of the methods outlined in the Whistleblowing Policy or by:



Writing to : -

The Head of Internal Audit, Internal Audit Services,
Civic Office, Waterdale, Doncaster, DN1 3BU

Please mark the envelope "CONFIDENTIAL — TO BE OPENED BY THE ADDRESSEE ONLY".



By telephoning the Council's Fraud Hotline on 01302 862931