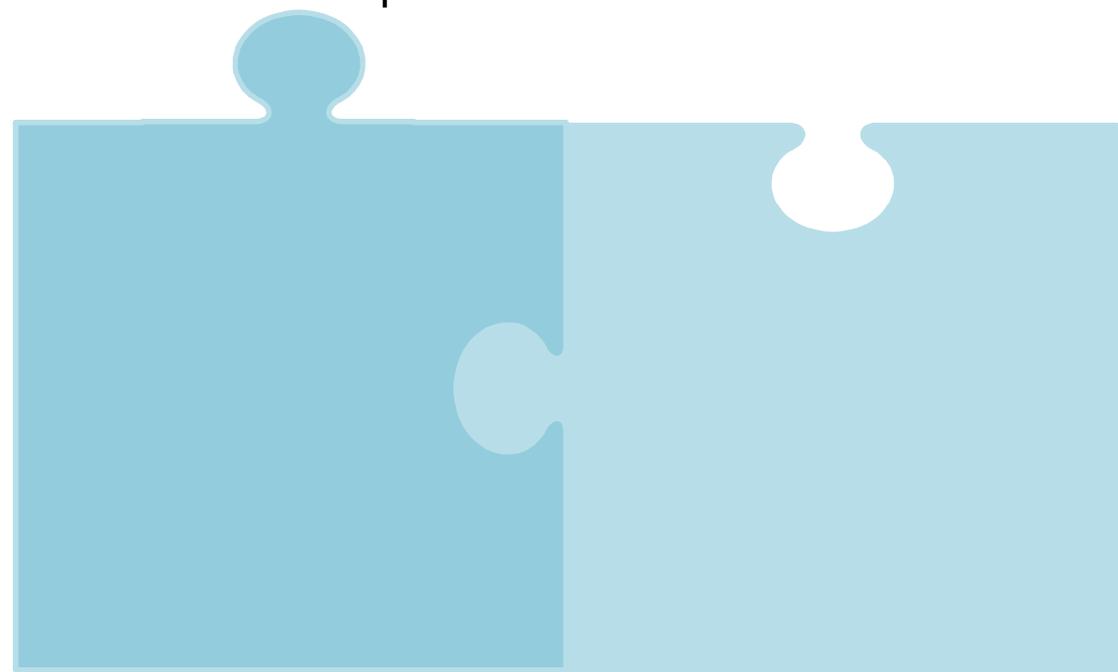


Doncaster Council

Preventing and Detecting Fraud and Error Report

October 2018 to September 2019



Introduction – The Overall Picture



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

How the Council delivers its services is constantly changing and technology changes on a continual basis. 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 as it is in some Councils. Most investigative work is carried out by Internal Audit Services 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 2018 to September 2019.

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.*
- *New and emerging fraud risks are added to the register and risk assessed as they are uncovered locally and across the sector.*
- *Areas of risk are considered for inclusion, as appropriate, on the Internal Audit Plan and Internal Audit work with services to provide advice to further mitigate any existing fraud risks.*



Fraud Risks



Training and Policies

- *The Council will refresh its Counter Fraud training again in 2020. A new Local Government Counter Fraud Strategy is due for release in April 2020 (this is currently being written and consulted on). This will need to be incorporated into training and a programme of training relaunched.*
- *The above will also affect the Council's Anti-Fraud, Bribery and Corruption Framework and this too will be refreshed in 2020 and will be re-submitted to the Council's Audit Committee for approval. This is anticipated to be in July 2020 (subject to the release date of the updated Local Government Counter Fraud Strategy).*

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 (NFI)

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. In 2018/19, a full exercise was undertaken covering:

- 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.

Key Statistics

Reports Released	128
Total Matches Released	7616
Completed Matches	2958
Review Not Needed	4170
Matches In Progress	488

A risk based approach is in use to target resources against the reports received and these are checked to identify fraud and error.

A large number of our matches are listed as “Review Not Needed”. This is because the Council has alternative internal arrangements for detecting fraud and error in this data and operates these arrangements on a more frequent basis. Reports in these areas are sampled where appropriate, in order to ensure that internal arrangements continue to detect fraud and error but are not checked in full unless the sampling reveals a problem or a gap in our internal arrangements.

The results of the exercise are included on the next page of this report.



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

The National Fraud Initiative - Results



Key Statistics

Number of Detected Frauds **0**

Number of Detected Errors **716** **Number** **Value**

Blue Badges Cancelled **521** **£0**

These are disabled parking permits cancelled because the owner had died. Cancelling these prevent their fraudulent use.

Housing Benefit Errors **2** **£2432**

These errors where the claimant did not declare all income or did not update us of changes in income received.

Housing Tenancy Errors **28** **£0**

These are errors where a tenant or joint tenant of our social housing had left the property or had died. Tenancy records were updated but no fraudulent or inappropriate passing on of the tenancy was detected.

Housing Waiting List Removals **118** **£0**

These are applicants for social housing that had died and were subsequently removed from our waiting list.

Duplicate Creditors **45** **£0**

These are errors where a creditor has been set up in our payments system twice. The duplicate has been removed to prevent the payment of duplicate invoices but no overpayments had been made.

Duplicate Invoices Detected **3** **£6,778**

These were invoices where, on checking it was found that the invoice was paid twice in error. These are normally detected by our internal checks but were not.

Other Errors **1** **£0**

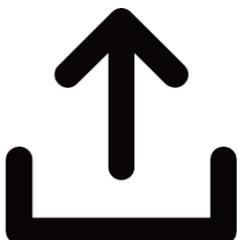
This was an employee who had not declared a personal interest. This was not found to have caused any loss to the Council.

716 **£4,167**

Our approach to the National Fraud Initiative and regular use (internally) or other data matching initiatives means that the level of detected fraud and error from the NFI is very low. In fact, no fraud has been detected, however, some errors were.

Where available, we have included the actual cost of the errors detected in the statistics shown. It should be noted that this differs from figures used by the National Fraud Initiative in their reports as they use notional savings to calculate the value of potential fraud that may have been stopped by, for example, removing a blue badge from circulation. The Council chooses not to use notional values as these are theoretical and subjective and instead reports on actual losses.

Recoveries are being made against all of the losses shown.



Preparations for council tax single persons discount matching are now underway and data will be submitted to take part in next year's exercise in December 2019. Data matches for investigation will be released in February 2020.

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
Cautions Issued	2	
Written Warning	22	
Prosecuted	16	£8,664
Ongoing cases	26	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).



**HOUSING
BENEFIT**

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

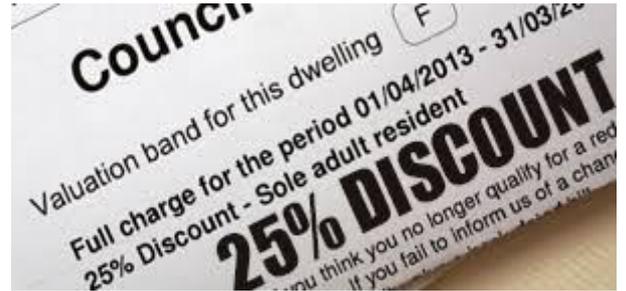
Cases Referred to the Department for Work and Pensions	2,611
Direct Earning Attachments	890
New Invoices Produced	568
Value of Debt Reinstated	£144,365

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 £144,365.

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.

Key Statistics

**October 2018 to
September 2019**

Households reviewed	30,837
Cancelled discounts	1,054
Estimated value of cancellations	£265,500

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 2019, 1054 single persons discount cancellations have been effected. This is estimated to bring in £265k of additional income to the Council (this is estimated based on the cancelled discount of a Band A property remaining cancelled for 1 year).

Local Authority and DWP Joint Fraud Investigations

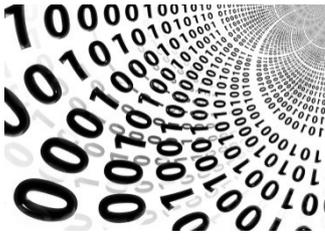
Since the implementation of SFIS (the Single Fraud Investigation Service) all Social Security benefit fraud has been investigated by the Department of Work and Pensions (DWP).

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.



Joint working arrangements were put in place by the Department of Work and Pensions on 28th May, 2019. 3 joint working investigations are currently underway. There are no available results of these at this time.

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	95	£1,592,700
Recovered Overpayments	19	£29,403

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 where they exist, these can be exploited to the detriment of the Council. An annual declaration of interest process is in place through which the Council manages declared interests.

This work ensures that this process is being followed and that conflicts are being declared and properly managed.

Resulting matches are investigated and acted on as appropriate. No frauds have been detected as a result of this work but safeguards are put in place as potential conflicts of interest are investigated. This work gives significant amounts of positive assurance over creditor payments and procurement activity.

Key Statistics

Under review / investigation	8
Completed Reviews (Oct 18-Sept 19)	<u>2,386</u>

Of Which:-

Match correct but no conflict detected	2,375
Conflict of Interest (Now Resolved)	<u>11</u>
	<u>2,386</u>

Counter Fraud Activity– Pursue

The Council aims to take action against any fraud or error 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 case in the 12 months to the end of September 2019.

Early Years Funding

Concerns were identified during the year regarding discrepancies in grant claims made by an early years education provider to the Council for funding. These discrepancies were reviewed and totalled £11,857 over a 2 term period in 2018. The claims themselves and the relevant supporting paperwork were reviewed and the discrepancies attributed to errors by the provider. Support and training was put in place for the provider to ensure that errors were corrected and did not continue. The value of the overpayment has been agreed with the provider and the monies are being recovered.

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. We 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