

# Doncaster Council

## Preventing and Detecting Fraud and Error Report

**October 2019 to September 2020**



# Fraud and Error Prevention



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

This year has been extremely challenging with the fast pace changes to combat the Covid pandemic. This has led to new government initiatives to try and support businesses through grants paid through the Council. These fast paced changes impact

the fraud landscape that the Council faces and leads to increases in risk.

Despite the fast changing nature of the current fraud environment, the Council has continued to deploy fraud checking and testing where possible to prevent and detect fraud and error with Covid grants being no exception.

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/>. This framework is currently under review in order take into account the latest published guidance. These changes will be reported to Audit Committee when completed (it is anticipated that this will available April 2021).

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 (based on out turn information from the National Fraud Initiative) with a proactive approach being taken to manage risks even in new areas such as the payment of grants to business due to Covid.

Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, key statistic 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 1<sup>st</sup> October 2019 to 30<sup>th</sup> September 2020.

# 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.*

---

## Fraud Risks

- *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 covering things like employee fraud, grant fraud, procurement fraud and bribery and corruption risks. This register helps us to plan out counter fraud activity and is updated regularly.*
- *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.*



---

## Training and Policies



*The Fighting Fraud and Corruption Locally guidance on which the Council's policies and procedures are based, was refreshed in April 2020. As a result, the Council's own Anti-Fraud and Corruption Framework is currently under review and should be re-launched in 2021. The current framework, however, is robust and fit for purpose and continues to be applied at this time. This guidance is available on the Council's website.*

# 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 last exercise was run in 2018/19 and results were reported in the last edition of this report. The 2020/21 exercise is currently underway and data has been successfully submitted for most of this year's data matching exercises. The following data has been uploaded for cross checking: -

- Blue Badge parking permit and Residential Parking permit data
- Creditor payment data (current and historic)
- Housing tenant and housing waiting list data
- Market trader data
- Pensions and payroll data
- Right to buy information
- License information for taxi drivers
- Private supported residential care home information.
- Housing Benefit information (supplied by the Department for Work and Pensions)
- The Electoral Register

In addition to the above, data relating to Covid Grants has been requested and the Council is actively participating in this and will take action as necessary to recover any grants that have been paid either fraudulently or erroneously. (Upfront checks were undertaken on all Covid Grant payments)

Data on Personal Budgets and Residential Care Home clients has not currently been provided to the initiative, but was provided in the previous NFI cycle. Due to amendments made to the National Health Service Act 2006, this data is now classified as patient data and the Cabinet Office are currently considering their legal data matching powers to ensure this data can be processed legally. It is anticipated that the data will be submitted for matching when any issues are resolved.

Data matches for investigation are due to be released between January and April 2021 and will be investigated as they are released. Any results will be published in subsequent issues of this report.

## Blue Badge Fraud

Blue badge fraud occurs where individuals misuse 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.

Key Statistics	
Results	Number / Value
Cautions issued	2
Written warnings issued	11
Unable to take further action	3
Prosecuted	0
Ongoing cases (awaiting court dates)	16

Prosecutions have been lower in the period March to September 2020, primarily due to the pandemic. Reduced activity in town centre locations is directly leading to lower levels of contraventions, and therefore, lower levels of enforcement activity with delayed prosecution activity due to the various lockdowns and restrictions that have been occurring.



## 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).

Key Statistics	
Results	Number / Value
Cases referred to the Department for Work and Pensions	1287
Direct Earning Attachments (to recover overpayments)	284
New Invoices Produced for Recovery	222
Cash recovered	£68,504

## 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.

Due to the Covid 19 Pandemic however, these reviews were suspended from April through to October, but did take place before April 2020. As a result, fewer households had their entitlement reviewed with resources instead being diverted towards the distribution and checking of the new Covid Business Rate Grants. (Please note that these checks did resume in October / November 2020 but are outside the period of this report).

Key Statistics	
Results	Number / Value
Households reviewed in the period	19,099
Cancelled single persons discounts	414
Value of cancellations (estimated)	£157,260



## 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. Doncaster Council is the only South Yorkshire authority to sign up to conducting joint working benefit investigations with the DWP.

Full investigations and Interviews under caution were suspended from March 2020 due to the Covid 19 epidemic, but discussions are currently on going (as at January 2021) regarding commencement in early 2021.

Key Statistics	
Results	Number / Value
Number of joint investigations undertaken	7
Value of Housing Benefit overpayments generated	£35,173
Value of Council Tax Support overpayments generated	£6,975

## Business Rates Grant Fraud



With the onset of a global Covid pandemic, the government recognised the impact on businesses across the country and introduced a series of additional business rate grants to help businesses in the current Covid crisis. These grants, whilst announced by central government, were passed to local authorities to administer on their behalf with specific and discretionary funding available for councils to support businesses in their area.

Doncaster Council administered 4 different grants during the period of this report (these are existing grants or additional Covid Relief grants);

- Small Business Rates Relief;
- Rural Rate Relief, Retail;
- Hospitality and Leisure Relief and a
- Discretionary relief scheme.

Owing to the speed of roll out of the grants, little guidance was available from the government to determine what counter fraud checks should be undertaken before any grant was awarded and paid; however, Doncaster Council chose to undertake checks before payment of any grant amounts in order to verify the business and prevent as much fraud as possible. 28.9% of grant applications were refused (for numerous reasons, not all of which were related to fraud). Fraud or error was detected in 0.4% of grants paid (by number)

Further checks are planned in 2021 on any payments that have been made. These will be undertaken through the National Fraud Initiative (NFI). Details of payments will be uploaded to the initiative by the end of January 2021 and will be matched against the initiatives other submitted records in order to detect further fraud and error. These will be investigated when released and action taken where it is appropriate to do so. The results of this work will be reported in the next annual report.

### Key Statistics – Business Rates Grants (pre-existing and Covid grants)

Grant	Grants Paid		Grants Refused	Fraud or Error Detected		Recovered so far	
	No	£		No	No	£	No
Small Business Rate Relief	3982	£39,820,000	940	14	£140,000	4	£40,000
Rural Rate Relief	4	£40,000	11	0	-	-	-
Retail, Hospitality and Leisure Relief	847	£15,025,000	271	7	£130,000	2	£20,000
Discretionary Grant	586	£3,006,750	310	1	£1,000	0	-
Duplicate claims detected between grants	-	-	669	-	-	-	-
<b>Totals</b>	<b>5419</b>	<b>£57,891,750</b>	<b>2201</b>	<b>22</b>	<b>£271,000</b>	<b>6</b>	<b>£60,000</b>

## 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. Multiple initiatives were planned for the period covered by this report but had to be deprioritised after the start of the Covid pandemic.



2 internal data matching activities were attempted during the period of this report.



### 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 or Partner's Accounts Payable teams and payments cancelled or recovered as appropriate.

The statistics included here (below) 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	
Results	Number / Value
Prevented Payments	109 - £439,456
Recovered Payments	37 - £ 13,948

### 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. This is a data match that is usually done on an annual basis with the results reported here. However, due to a number of issues, work on these data matches was suspended the most of the period of this report. Changes to the Council's payroll system meant that for the early part of this report, reports needed for data matching purposes were still being developed within the new system. These are now available but delays in re-building the processes were incurred as a result of the Covid pandemic and dealing with higher priority fraud and other risk issues. Processes will be re-designed, and it is anticipated that these initiatives should resume in April 2021 with results being reported in the next annual report.



# 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 about fraud and corruption encountered and investigated as is reasonable 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 2020.

## **Whistleblowing Allegations of Time Fraud**

A note from a whistleblower was received alleging time and annual leave fraud by 2 employees. These were investigated and discrepancies were identified. Appropriate internal action was taken in line with the Council's internal procedures.

## **Fraud at a school**

Concerns were raised by the Headteacher of a local authority school, about the financial conduct of a member of their staff. A full audit investigation was undertaken which identified unusual transactions and other anomalies. Further information has not been provided on this investigation due to the fact that internal processes remain in progress as at the date of this report. A full update will be given in the next edition of this report after the completion of all relevant processes.