WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead – Resources

Audit Committee: 12 June 2019

Subject: Counter Fraud Annual Report 2018/19

1.   Purpose

1.1   The purpose of this report is to advise Members of the Council's fraud prevention, detection and investigation activity.

2.   Recommendations

2.1   It is recommended that Members note the contents of this report.

3.   Background

3.1   The Council is committed to minimising the risk of loss due to fraud, theft or corruption and to taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside.

3.2   The primary responsibility for the prevention, detection and investigation of fraud rests with management, supported by the Corporate Fraud Team. Internal Audit provides advice and independent assurance on the effectiveness of processes put in place by Management. One of the Audit Committee's role is to oversee the framework of internal financial control including the assessment of fraud risks and to monitor counter fraud strategy, actions and resources.

3.3   In March 2018 a revised Counter Fraud and Corruption Strategy was approved by the Audit Committee.

3.4   Assurances about the effectiveness of the Council's existing systems and arrangements for the prevention, detection and investigation of fraud can be taken from the results in the Counter Fraud Annual Report 2018/19 contained herein within Section 4 below.

4.   Main Issues

Ongoing Corporate Fraud Team Work
4.1   During the financial year 2018/19, the Corporate Fraud team's day to day work has resulted in actual recoveries, charges and re-billings as detailed below, against a target of £225,000.

Description	Amount (£)
Council Tax Reduction	65,151
Council Tax Single Person's Discount	38,938
Scottish Welfare Fund Grant	8,014
National Fraud Initiative	54,751
J/W Housing Benefit	13,681
Non DWP Housing Benefit	284,094
Non DWP HB	175,437
Non DWP CTB	5,402
Internal Fraud	475
Administrative Penalties	15,510
Total	**£661,454**

National Fraud Initiative

4.2 The National Fraud Initiative (NFI) is a series of bi-annual exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a timescale and report back on any savings.

4.3 The most recent bi-annual exercise was released in January 2019, providing matched datasets for organisations to investigate. WDC was provided with a total of 5,955 matches datasets of which 1,242 were described as "high risk" matches and 4,713 additional matches. There is an expectation that organisations will examine all "High Risk" matches and a proportion of the other matches too.

4.4 To date a total of 1,811 cases have been closed off, with £5,774 of fraud and £20,720 of errors being identified to date (included within the above figures).

Single Person's Discount (SPD)

4.5 In addition to the above, the Council's Revenues and Benefits team have been working through a separate NFI matched dataset of analysis between the Council Tax System and other datasets. This matched dataset provided a total of 3,112 individual cases to investigate of which 1,251 have been examined to date.

Fraud Risk Self-Assessment

4.6 A Fraud Risk self-assessment tool has recently been completed by Strategic Leads (HSCP – Heads of Service), the purpose being to:
- Make a high level, balanced assessment on the Council's exposure to the risk posed by financial crime; and
- Develop a time-bound improvement plan to increase resilience to fraud.

4.7 The outputs from this work will assist with formulating the future approach to fraud awareness and fraud prevention within the Council.

Integrity Group
4.8   The Council has set up an Integrity Group for which the initial meeting has been arranged.

4.9   The Integrity Group involves officers from a number of different Council departments as well as our Community Partners including Police Scotland. Its purpose is to:

- Improve the Council's resilience to crime, fraud and corruption;
- Identify potential vulnerabilities in systems and procedures;
- Have an action plan to address them;
- Help ensure that policies are in place to protect us;
- Improve lines of communication both within the Council and with the Police and other Councils; and
- Monitor policies and practice in this area.

4.10   Whilst West Dunbartonshire has processes and procedures in place to prevent fraud and corruption, the existence of an Integrity Group will ensure an holistic approach to crime, fraud and corruption.

5.   People Implications

5.1   There are no people implications.

6.   Financial and Procurement Implications

6.1   As a result of Corporate Fraud Team activity, actual recoveries, charges and re-billings of £661,000 have been identified during 2018/19, against a target of £225,000.

6.2   There are no procurement implications arising from this report.

7.   Risk Analysis

7.1   Management need to ensure that internal control systems are monitored continuously to ensure that fraud prevention and detection procedures are effective and robust. An effective approach to counter fraud activity across the Council, as supported by Internal Audit and the Corporate Fraud Team significantly contributes to this process.

8.   Equalities Impact Assessment (EIA)

8.1   There are no issues.

9.   Consultation

9.1   This report has been subject to consultation with appropriate Strategic Leads.

10. Strategic Assessment

10.1 This report relates to Assuring Our Success through strong financial governance and sustainable budget management.

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Date: 28 May 2019

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Appendix:	None
Background Papers:	Counter Fraud and Corruption Strategy
Wards Affected:	All wards