

CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Finance (s151 Officer)

TO: Civic Affairs Committee

28 June 2017

WARDS: All

ANNUAL REPORT ON PREVENTION OF FRAUD & CORRUPTION POLICY

1 Introduction

- 1.1 The Council introduced the Prevention of Fraud and Corruption (PFC) Policy in 1998 and in line with good practice the Policy is reviewed and reported on annually to this Committee. The Policy was updated in 2013 to cover the implications of the Bribery Act 2010.
- 1.2 One of the recommendations by the Ministry of Justice to support the implementation of the Bribery Act was that organisations need to monitor and review the effectiveness of their anti-bribery policy and procedures. This is achieved through the annual review of the Prevention of Fraud and Corruption Policy by Civic Affairs Committee
- 1.3 The Policy sets out the culture for the organisation in terms of not tolerating any act of fraud or corruption and a commitment that all concerns raised will be properly investigated. The Policy also sets out the reporting and investigation arrangements for different types of allegation. A copy of the Policy is attached at **Appendix 1** to this report.
- 1.4 CIPFA produced a Code of Practice for Managing the Risk of Fraud and Corruption in 2015. This voluntary code is a statement of high level principles which sets out good practice for managing counter fraud arrangements across the public sector. Internal Audit assessed the Council's compliance with the Code and produced a separate Anti-Fraud and Corruption Strategy in 2016 which remains current.
- 1.5 This report also provides Members of Civic Affairs with a summary of fraud / whistle-blowing activity for the period 1 April 2016 to 31 March 2017.

2 Recommendations

- 2.1 Members of Civic Affairs Committee are asked to:
 - Note the details of fraud / whistle-blowing activity provided for the period 1 April 2016 – 31 March 2017 in section 3 of this report.

3 Fraud Investigation

- 3.1 Dependant on their nature, fraud investigations are carried out by either the Fraud Prevention Team (FPT); who are located within Revenue & Benefits; or by Internal Audit.

Fraud Prevention Team

- 3.2 The FPT prevents detects and pursues those who commit a number of potential frauds against Cambridge City Council, including:

- i. Social housing fraud (including other Registered Social Landlords);
- ii. Local taxation fraud;
- iii. Discount and exemption fraud;
- iv. Local Council Tax Support scheme fraud; and
- v. Right-to-buy fraud.

- 3.3 Additionally, the team are the Single Point of Contact for the Department for Work and Pensions (DWP) 'Fraud and Error Service' (FES) in relation to welfare benefit fraud, principally Housing Benefit paid within the city of Cambridge. This involves:

1. Receipt and dispatch of local allegations received through multiple sources;
2. Selection and preparation of evidence to support investigation and prosecution by that agency; and
3. Court documentation and statements.

- 3.4 The team consists of 3.0 FTE, of which 1.0 FTE is an apprentice. This successful apprenticeship has been running since April 2015. The first apprentice moved into full-time employment, and the latest apprentice started in October 2016. The team received a nomination for the 'Mentor of the Year' award in the Apprentice and Employer Apprenticeship Awards event.

- 3.5 Some key statistics for 2016 / 2017:

- a. Investigations resulting in 67 inappropriate Council Tax discounts / exemptions being removed, generating £41,757 of addition income to the authority and it's precepting partners;
- b. Investigations were conducted under the Prevention of Social Housing Fraud Act, resulting in 13 Council owned properties and 1 Housing Association property being made available for genuine tenants. These were generally cases where an individual had either illegally sub-let or abandoned their home. Department for Communities and Local Government estimates the value of each of these recovered property to be £18,000 to the collective public purse;
- c. 8 people were sanctioned for Council Tax Support fraud;
- d. 2 people were sanctioned for Social Housing fraud.

- e. 3 people were cautioned for Council Tax 'single person discount' fraud;
- f. Electoral Services were informed of 51 cases where the Electoral Register was inaccurate;
- g. 4 inappropriate Right-to-buy applications were rejected; and
- h. 1 inappropriate Social Housing succession application was rejected.

Internal Audit

- 3.6 Part of Internal Audits remit is to investigate other types of fraud, whistleblowing allegations or theft. Internal Audit look to ensure that employees follow the various policies, procedures and Codes of Conduct established to protect the public purse, as well as the integrity of officers. Matters referred to Internal Audit can be received as a direct request from management or via the whistleblowing route. Under the Council's Whistleblowing Policy, employees are encouraged to report any genuine, serious concerns about any aspect of the Council's work to the Head of Internal Audit, who will investigate those concerns.
- 3.7 During 2016 / 2017 Internal Audit conducted seven investigations at the request of management. In all cases actions were agreed with management to address the issues identified and to tighten controls going forward.
- 3.8 Internal Audit also received an anonymous allegation through the Whistleblowing route, however initial investigations could not identify any clear evidence to support the allegations made.

4 Fraud Prevention

- 4.1 The Council continues to give out a strong deterrent message about fraud in both publicly issued and internal documents, for example, on Council Tax leaflets and Housing Benefit claim forms.
- 4.2 Revenues and Benefits follows appropriate DWP 'Security Guidance' and has adopted a Risk Based Verification process. It has a Fraud Referral Procedure for staff to refer cases of suspected fraud through to the Fraud Prevention Team. Regular reminders are sent to people claiming benefit of their responsibilities in respect of overpayments; the aim being to prevent overpayments building up which can make repayment difficult and can encourage concealment and therefore fraud.
- 4.3 The National Fraud Hotline Scheme continues to be publicised in the Council Tax leaflet and publicity is sought for successful benefit prosecutions through the local papers and via the Council's website as this is seen to have a deterrent effect.

5 Fraud Detection

- 5.1 The Council is required to participate in the National Fraud Initiative (NFI), a national data-matching exercise organised by the Cabinet Office every other year that matches data within and between audited bodies to prevent and

detect fraud. This includes police authorities, fire & rescue authorities as well as other councils and Housing Associations.

5.2 The NFI is a wide-ranging exercise and now includes the following datasets:

- Housing Benefits
- Payroll
- Housing Rents
- Insurance claims
- Creditors
- Market Trader licences
- Taxi-Driver licences
- Personal licences to supply alcohol
- Housing Waiting List
- Council Tax Reduction Scheme

5.3 New data matches were received in February 2017. It was reported in the Internal Audit business case for the shared service that the National Fraud Initiative would be removed from our remit, freeing up approx. 40 days to be utilised to undertake pure audit works and the Audit Plan for 2017 / 2018 was developed on this basis. Following receipt of the data matches it became apparent that this was no longer the case – citing no resource availability elsewhere in the organisation as we had been informed – and the decision was taken to refer back to Internal Audit. With Internal Audit resource already stretched, the Audit Plan has been revisited to allow for this key activity being covered.

6 Conclusions

6.1 The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

IMPLICATIONS

- (a) **Financial Implications**
None
- (b) **Staffing Implications**
None
- (c) **Equality and Poverty Implications**
None
- (d) **Environmental Implications**
None
- (e) **Procurement**
None
- (f) **Consultation and communication**
None

(e) **Community Safety Implications**
None

The author and contact officer for queries on the report is Steve Crabtree, Head of Internal Audit, extension 8181.

Date originated: 22 June 2017
Date of last revision: 22 June 2017