

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 20 January 2022

Annex 2

RYEDALE
DISTRICT
COUNCIL



BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 This report updates the Overview and Scrutiny Committee on counter fraud activity to date, including recent actions following our last report to the committee.

FRAUD MANAGEMENT

- 4 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public, and to inform them of how to report fraud if they suspect it is happening. Fraud awareness training continues to be delivered to relevant departments.
- 5 A campaign to mark Cyber Security Awareness Month was delivered to staff in October. Another campaign to mark International Fraud Awareness Week was delivered to staff and the public in November. International Anti-Corruption Day in December was marked by providing information to staff on how to identify bribery and money laundering and how to report any concerns.
- 6 Veritau have noted an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to council suppliers (i.e. mandate or payment diversion fraud). The counter fraud team has worked with the council to strengthen processes in place to meet this increasing threat.
- 7 Veritau continues to support the council with Covid-19 related payments. The team works with officers to ensure that the council meets government mandated verification, investigation and recovery requirements for Covid-19 related grant payments.

MULTI-AGENCY WORK

- 8 Work on the 2020/21 National Fraud Initiative (NFI) is ongoing. The counter fraud team is in the process of reviewing over 500 matches across a range of council areas which were produced by the exercise. The NFI recently released additional matches relating to Covid-19 related grants

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

which are also being reviewed. The Cabinet Office has requested further data relating to Covid-19 grants issued after the first period of lockdown in 2020/21. This information will be provided and results are expected to be released in the last quarter of the current financial year.

INVESTIGATIVE WORK

- 9 In 2021/22, the counter fraud team has received twenty-three referrals of suspected fraud. These cover potential Covid-19 related fraud, council tax fraud, and council tax support fraud. There are currently nine cases under investigation.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2021/22

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2021/22.

	2021/22 (As at 30/11/21)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£7,082	£34,549
Amount of savings identified relating to Covid-19 business grant related fraud	£20,000	£30,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions)	67%	64%

Caseload figures for the period are:

	2021/22 (As at 30/11/21)	2020/21 (Full Year)
Referrals received	23	57
Number of cases under investigation	9	13 ²
Number of investigations completed	9	11
Number of verification cases completed ³	15	n/a

² As at 31/03/21

³ Verification cases relate to the review of applications for Covid-19 grants.

Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Covid-19 related fraud – The counter fraud team supports the council to prevent and detect fraud within Covid-19 related grants. The council has blocked £20k in payments this year. The counter fraud team, as part of a government mandated exercise, is undertaking verification exercises on grants paid during the first lockdown in 2020. To date fifteen verifications have been completed all of which were found to be correct. One investigation and three verifications are ongoing. • Council Tax fraud – The team has received eight referrals for potential council tax fraud. Three investigations have been completed all relating to false or incorrect claims for single person discounts. All investigations resulted in invoices being issued for unpaid council tax and one person received a formal written warning. • Business Rates fraud – One investigation has been completed in this area which resulted in a large overpayment of incorrectly claimed small business rate relief being identified. The debt has been fully repaid to the council. • Council Tax Support fraud – Thirteen referrals for potential fraud relating to council tax support (CTS) have been received. An investigation this year identified a £9k loss to the council in relation to a long running claim to CTS. There are currently eight investigations ongoing. • Internal fraud – No internal fraud cases have been reported in 2021/22 to date.