



Ryedale District Council
Counter Fraud Annual Report
2019/20

Assistant Director – Corporate Fraud: Jonathan Dodsworth
Head of Internal Audit: Max Thomas

Circulation List: Members of the Overview and Scrutiny Committee
Chief Finance Officer (s151 Officer)

Date: 22 October 2020

Background

- 1 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a counter fraud service for Ryedale District Council. The service aims to prevent and deter fraud through maintaining a counter fraud policy framework, helping to maintain and improve controls, and raising awareness of fraud both internally and with the public. The counter fraud team proactively and reactively investigates any fraud or related criminality affecting the council. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Counter Fraud work carried out in 2019/20

- 4 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included in Appendix 1 of this report. Investigations this year have led to the £33k of savings being produced for Ryedale District Council. Overall, 55% of investigations resulted in a successful outcome.

Counter Fraud Activity 2019/20

The tables below shows the total number of fraud referrals received and summarises the outcomes of investigations completed during the year.

	2019/20 (Full Year)	2019/20 (Target: Full Year)	2018/19 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, and housing allocations blocked).	55%	30%	60%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£32,641	£20,000	£24,659

Caseload figures for the period are:

	2019/20 (Full Year)	2018/19 (Full Year)
Carried forward at start of financial year	75	54
Referrals received	41	63
Referrals rejected	32	27
Number of investigations completed	21	15
Active cases and awaiting investigation ¹	63	75

¹ As at 31/3/20 and 31/3/19 respectively.

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative (NFI) is now complete. Over 500 matches were reviewed, but no fraud or error was detected.</p> <p>Preparations for the 2020/21 NFI exercise are now underway. Data will be sent to the Cabinet Office in October 2020 and matches for investigation are expected in February.</p>
Fraud detection and investigation	<p>The service uses criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity undertaken last year included the following:</p> <p>Council Tax Support fraud – In 2019/20 the team received 29 referrals for possible CTS fraud. Over £7k in falsely or erroneously obtained discounts were detected. Three warnings were issued to members of the public.</p> <p>Council Tax/Non Domestic Rates fraud – Nine referrals for possible Council Tax and NNDR fraud were received last year. Nearly £5k of underpaid Council Tax and NNDR was detected. Three warnings were issued to members of the public.</p> <p>Internal fraud – One investigation of alleged internal fraud was completed last year, but no fraud or wrongdoing was found.</p> <p>External fraud – A scam involving stolen credit cards was detected last year and a potential £7k in losses was prevented.</p>
Fraud liaison	<p>The counter fraud team acts as a single point of contact for the DWP in relation to fraud and is responsible for providing data to support their housing benefit investigations. The team dealt with 28 requests in 2019/20.</p> <p>Joint working with the DWP on benefit fraud cases began in the Yorkshire and Humber region last year but no investigations were instigated under the new arrangements.</p>

Activity	Work completed or in progress
Fraud management	<p data-bbox="421 240 1845 272">In 2019/20 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul data-bbox="421 347 2002 954" style="list-style-type: none"> <li data-bbox="421 347 2002 416">• The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year. <li data-bbox="421 440 2002 544">• In May 2019, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2018/19 meeting the council's obligation under the Local Government Transparency Code 2015. <li data-bbox="421 568 2002 671">• The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in June 2019. The information provided has contributed to a recently released report which provides a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it. <li data-bbox="421 695 2002 799">• In September 2019, the counter fraud team ran a cybercrime awareness week, delivering cybercrime awareness information to council employees through a number of bulletins provided over the course of the week. <li data-bbox="421 823 2002 895">• In November 2019, awareness was raised internally and with the public as part of International Fraud Awareness Week. <li data-bbox="421 919 2002 954">• In March 2020, anti-fraud leaflets were distributed with annual Council Tax and NNDR bills.