

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

23/03/2015

Title:

National Fraud Initiative 2014/15 and the Surrey Counter Fraud Partnership

[Wards Affected: All]

Note Pursuant to Section 100B(5) of the Local Government Act 1972

The Annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the annexe relates as specified in paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Summary and purpose:

The report provides an update to the Committee on the progress made by officers on the latest results of the Audit Commission's data-matching exercise known as the National Fraud Initiative (NFI).

How this report relates to the Council's Corporate Priorities:

The Council is committed to providing value for money, and the combating of fraud and corruption is a central element to achievement and reinforces the authorities zero tolerance to fraud.

Financial Implications:

Staff resource to investigate outputs.

Legal Implications:

It is the Council's duty to safeguard public funds, and there may be legal costs in taking any matters to prosecution.

Introduction

1. The National Fraud Initiative is run every two years by central government (now the cabinet office). The purpose is to identify **potential** instances of fraud and corruption that might otherwise go undetected. In addition to local authorities, all public agencies and related private partners are increasingly contributing to the exercise. The 2014/15 results relating to Waverley Borough Council were received at the end of January 2015. Designated Officers within the services

areas have been allocated the matches relating to their service area and are currently investigating and pursuing relevant matches which may or may not materialise as fraudulent activities. The Internal Audit Client Manager also monitors progress made and this will be reported ever 6 months to the Audit Committee and included in the Annual Internal Audit Report. Audit Committee should noted that the previous NFI exercise in 2012/2013 identified savings to the total value of £61,432.94, including 4 Housing Benefit prosecution cases.

2. As previously reported in the Internal Audit Annual Audit Report in June 2014, the Council also participated in the Council Tax Single Person Discounts exercise which was co-ordinated by Surrey County Council where the estimated value totalled of £266,000 (based on band D Properties) where 678 Single Person Discounts were withdrawn relating to Waverley Borough Council properties.
3. In the summer of 2014 the Department of Communities and Local Government encouraged councils to bid for funds that they were releasing to assist with the identification and investigation of all types of corporate fraud. Waverley Borough Council joined 6 other Surrey Boroughs and Districts in partnership with Surrey County Council (bid name of Surrey Counter Fraud Partnership (SCFP) to successfully secure funds to assist with resourcing this activity. This will provide an increase in resource of £20,000 for the latter part of 2014/15 and £40,000 for 2015/16. Performance mechanisms will be put in place to monitor the effective use of these funds, with results reported to the Audit Committee, SCFP and the DCLG. This funding has supported the temporary appointment (for 6 months) of an experienced Tenancy Fraud Investigator to focus on the growing risk area of Housing Tenancy Fraud.
4. A summary of the volumes of data matches for the current exercise 2014/15 is detailed in **Annexe 1**.
5. A short explanation of the columns in the report is provided below:-

Column Title	Explanation
No.	Indicates the report number allocated by the NFI
Low/Medium/High	Indicates the level of risk given to that report
Report Name	Details in summary the data match types in the report
Total Recommended	Highlights those cases that have been assessed as good quality matches and should be investigated in the first instance.
Total All	Details all cases that have been identified during the match but are likely to have a justifiable explanation.
Status	Details whether the report has been 'Not opened' i.e. not dealt with, 'Opened' i.e.- investigated and in progress, 'Closed' i.e. investigated and no issues found.
Processed	Details the volume of cases processed i.e. investigated in the report.
In Progress	Indicates where a case is still being

	investigated and further information may be required from others i.e. another data matching partner, before progress can be made.
Frauds	Details the number of cases where fraud has been found.
Errors	Details the number of cases where an adjustment has needed to be made due to an error being made.
Savings	Details the savings made in the report due to fraud or error.

6. The Committee should note that based on previous exercises, the majority of the matches are not generally found to be the result of fraud. Details of individuals can be on data sets due to inaccurate data being provided, to time differences in tenancies, benefit claim periods and payments made through the creditors system for services such as election duties as well through the payroll are just some examples of valid explanations.
7. Potential fraud cases will be highlighted and progressed through the appropriate processes. Cases that need further investigation or co-operation from other bodies are also continuing to be progressed.

Conclusion

8. Key staff will continue to investigate and check all cases shown as "Total Recommended" (these are cases where the increased likelihood of an anomaly has or is occurring) and the results of the output will determine whether further work is required on the remaining cases shown in "Total All" column.

Recommendation

The Audit Committee is asked to note the activity and progress to carry out these checks and recognise the resources applied by the relevant services to investigate each of the data matches.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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