

COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 25 January 2023

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year¹. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Committee on counter fraud activity in 2022/23.



FRAUD MANAGEMENT

- 4 An e-learning package for employees, to highlight potential fraud threats in the transition to the new North Yorkshire Council, was finalised in September 2022. The training is now available on the council's e-learning platform for officers to complete.
- 5 In October, we shared information with all employees to mark cybersecurity awareness month. The material focussed on mandate fraud (also known as payment diversion fraud) a form of cybercrime that has been increasing nationally in terms of sophistication, frequency, and success. Staff were updated on the latest tactics and tools used by criminals to commit this type of fraud as well as warning signs to look out for.
- 6 A campaign to raise awareness of the council's anti-bribery and anti-money laundering policies took place in December. Officers were reminded of the risks of money laundering and bribery, and their responsibility to report concerns.
- 7 A general fraud awareness campaign for officers took place during International Fraud Awareness Week in November 2022. Details on how to report suspected fraud were circulated.



MULTI-AGENCY WORK

- 8 In November 2022, the team submitted data from a number of services to the Cabinet Office for the 2022/23 National Fraud Initiative exercise. Outputs from this national matching exercise will start to be released in

¹ Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

February 2023. Data is now being prepared for the annual Single Person Discount exercise.

INVESTIGATIVE WORK

- 9 The counter fraud team have received 88 referrals of suspected fraud from staff, members of the public and government agencies. The allegations related to areas including council tax support, council tax and business rates discounts/exemptions. A total of 18 cases have been completed in the year to date, and investigation of a further 17 allegations is ongoing.
- 10 As a result of investigative work, the council has saved £17.1k. A warning was issued to a business for inappropriately claiming a £10k Covid-19 grant, and amendments have been made to business rates and council tax accounts where issues have been identified. Invoices have been raised for repayment of two £10k Covid-19 grants to businesses that should not have received them.
- 11 A summary of investigative work is included in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATION ACTIVITY

Activity to date includes the following:

	2022/23 (As at 31/12/22)	2022/23 (Target: Full Yr)	2021/22 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£17,121	£14,000	£8,757
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	44%	30%	29%

Caseload figures for the period are:

	2022/23 (As at 31/12/22)	2021/22 (Full Year)
Referrals received	88	84
Number of cases under investigation	17	14 ²
Number of investigations completed	18	14

² As at the end of the financial year (i.e. 31/03/2022)

Work completed or in progress

The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity completed in 2022/23 includes the following:

- **Covid-19 related fraud** – No new cases of Covid-19 business grant fraud have been identified. However, investigation of five earlier allegations have been completed this year. Invoices have been raised in three cases where Covid-19 grants were incorrectly obtained, and a warning was issued to one business that was not eligible for a payment. There are currently no Covid-19 grant cases under investigation.
- **Council Tax Support fraud** – Three allegations of Council Tax Support fraud are under investigation. One further case has been closed. Investigative work has helped the council recover £2.5k.
- **Council tax fraud** – The counter fraud team have completed four investigations in this area. To date, £2.4k of incorrectly obtained single person discounts have been recovered. Investigation of five allegations is ongoing.
- **Housing Fraud** – Investigation continues into three allegations of housing fraud. No fraud was identified in a case that was closed this year.
- **NNDR fraud** – The team have completed three business rates investigations which resulted in £6k of savings. Two of these cases identified incorrect payments of small business rate relief which have now been stopped. Invoices have been raised for the underpaid business rates in both cases. The team are investigating a further four allegations in this area.
- **External fraud** – National data matching identified three creditors that received duplicate payments that required repayment. To date, funds have been recovered in one case.
- **Internal fraud** – Two internal fraud investigations are ongoing.