

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

24 JUNE 2024

ANNUAL COUNTER FRAUD REPORT

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the counter fraud work performed in 2023/24 for North Yorkshire Council.

2.0 BACKGROUND

- 2.1 Fraud represents a significant risk to the public sector and losses due to fraud reduce the funding available for essential services. Veritau provides a counter fraud service to North Yorkshire Council to help prevent and detect potential fraud and corruption. Where cases of fraud or corruption occur, we will investigate and seek to recover any losses. We will also provide advice and support to the Council to help avoid any recurrence. The counter fraud team maintains the Council's fraud policy framework, fraud risk assessment, and the counter fraud strategy.
- 2.2 Details of the counter fraud activities undertaken in 2023/24 and the outcomes from this work are contained in the Counter Fraud Annual Report which is attached at **appendix 1**.

3.0 RECOMMENDATION

- 3.1 Members are asked to note the counter fraud work undertaken during the year.

MAX THOMAS
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton

6 June 2024

COUNTER FRAUD ANNUAL REPORT 2023/24

Date: 24 June 2024

Appendix 1

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Daniel Clubb
Assistant Director - Counter
Fraud



Max Thomas
Head of Internal Audit

Circulation list: Members of the Audit Committee



BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21¹. Financial loss due to fraud can reduce a Council's ability to support public services and can cause reputational damage.
- 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 (eg 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 provides the Audit Committee with a summary of counter fraud activity completed in 2023/24. It also details whistleblowing reports received, and the related outcomes for the year.



KEY PERFORMANCE FIGURES

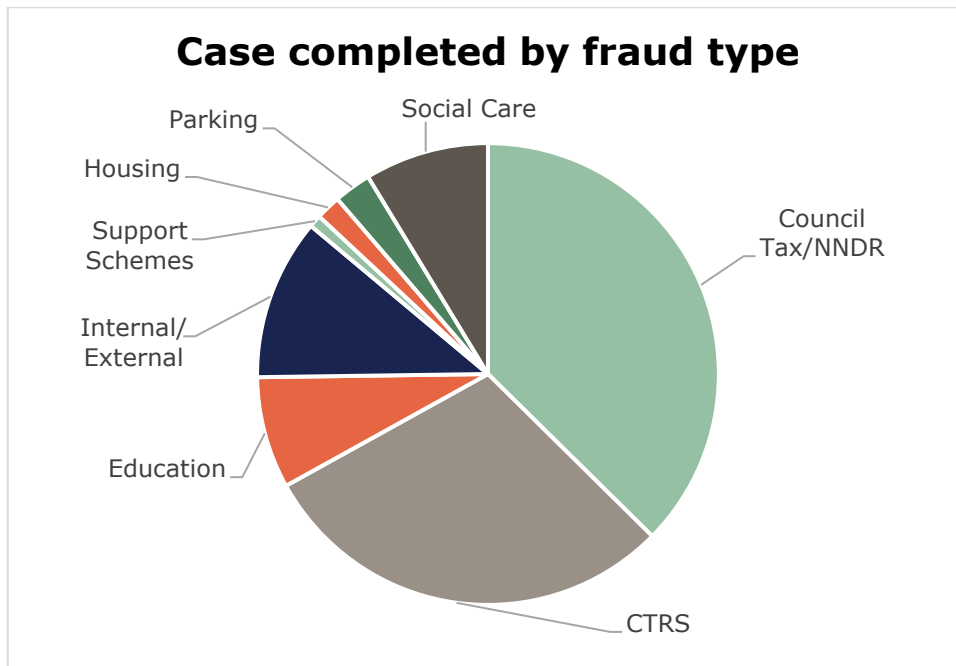
- 4 In 2023/24, £82k in savings were achieved by North Yorkshire Council as a result of counter fraud work.
- 5 Veritau received referrals of suspected fraud from Council officers, external agencies, data matches, and members of the public. In the year to 31 March 2024, a total of 362 referrals were received. Each was reviewed to determine if investigation or referral to another agency was required.
- 6 The team completed 115 investigations. These related to adult social care fraud, Council Tax/NNDR fraud, fraud against the Council Tax Reduction Scheme (CTRS), housing fraud, internal and third party fraud, abuse of the Local Assistance Fund, and misuse of parking schemes. The figure also includes verification of school admission applications. Successful outcomes² were achieved in 56% of cases.
- 7 Warnings were issued to 28 people. In eight cases, investigative work provided information to services that recommended improvements to procedures or provided information that allowed invoices to be raised. One application for a school place was stopped as a result of incorrect address information being provided.
- 8 A detailed summary of performance can be found in annex A.

¹ [Tackling fraud and corruption against Government](#), National Audit Office

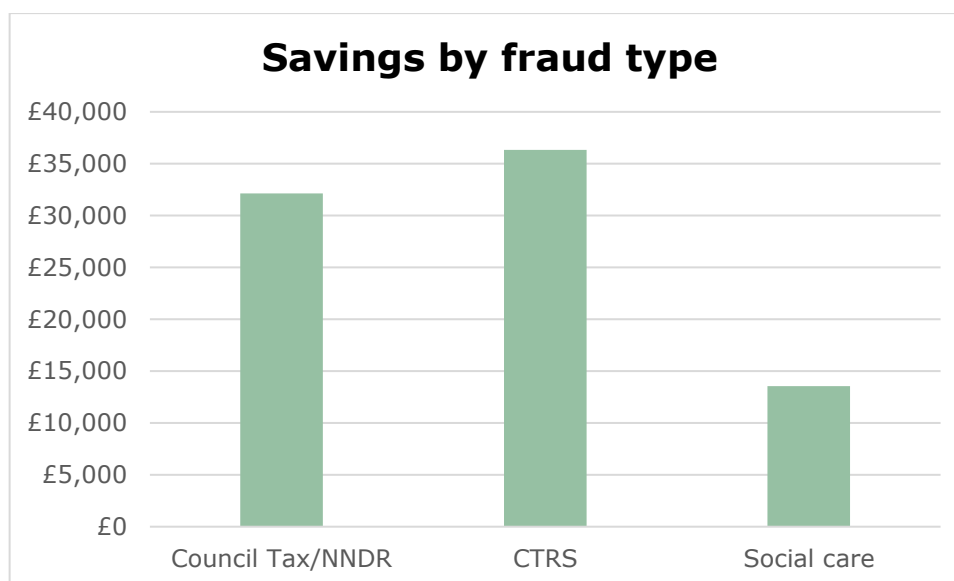
² Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, sanctions, prosecutions, or management action taken.

ANALYSIS OF RESULTS

- 9 The counter fraud team works with services across the Council. In 2023/24, Council Tax and NNDR formed largest area of work, by number of cases investigated (37%). The chart below shows the proportion of investigations completed by fraud type during the year.



- 10 Recovering funds and unpaid charges that result from fraud is a priority for the Council. The work of the counter fraud team helped the Council to achieve £82k of savings in 2023/24. This figure includes the repayment of debt arising from investigative work, and a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued. The following chart details the areas in which monies were recovered.



WHISTLEBLOWING

- 11 Veritau supports the Council's whistleblowing processes and leads on the application of the policy. We work with Council colleagues in Human Resources and relevant services to ensure that all concerns raised are dealt with appropriately.
- 12 Seven whistleblowing reports were received in 2023/24. Two reports related to theft and other reports related to working relationships, poor procedures, misconduct and corruption. Six of these matters are still under investigation by HR, Veritau, or the appropriate school officer.
- 13 Three cases were concluded during the year. In one case guidance was issued to support a service make improvements to procedures. Two matters investigated were not substantiated.

COUNTER FRAUD MANAGEMENT

- 14 During North Yorkshire Council's first year of operation, the counter fraud team has developed relationships with officers joining from authorities Veritau has not previously worked with. This approach is central to helping establish a strong counter fraud culture across the organisation and will continue in the coming year.
- 15 The counter fraud team delivered a range of awareness raising activities during 2023/24. Providing Council officers with information that helps to prevent and detect fraud is an important measure in mitigating fraud risk. In June 2023, Veritau raised awareness of whistleblowing and signposted staff to the Council's policy. In October, Cybersecurity Awareness Month was marked with a campaign that highlighted methods used in cyber

enabled frauds. During International Fraud Awareness Week in November, the team promoted routes for reporting fraud concerns. The Council's anti-bribery and anti-money laundering policies were a focus during international anti-corruption day in December 2023.

- 16 In addition to targeted awareness campaigns, the team maintains an 0800 telephone reporting line, dedicated email address and receives information by post. We work closely with officers and encourage members of the public to report any concerns they have about fraud affecting the Council.
- 17 Veritau maintains the Council's counter fraud policy framework. This includes a counter fraud and corruption policy, whistleblowing policy, and anti money laundering policy. In March 2024, an updated counter fraud strategy, and fraud risk assessment were approved by the Audit Committee.
- 18 Veritau coordinates the Council's participation in the National Fraud Initiative (NFI). All Councils are required to take part in this large-scale data matching exercise which is managed by the Public Sector Fraud Authority (PSFA). Following local government reorganisation in North Yorkshire, Veritau has worked with the PSFA to ensure a smooth transition. Veritau act as a "key contact" overseeing data collection, review of matches, and compliance with legal frameworks and relevant best practice.
- 19 Veritau provided transparency data on counter fraud work completed in 2023/24 to help the Council to meet its obligations under the Local Government Transparency Code 2015. This information is published online.
- 20 The counter fraud team are active participants in regional and national counter fraud groups. We chair a national Fighting Fraud and Corruption Locally group that focusses on adult social care fraud and have presented at national conferences. Veritau also host and co-chair the Yorkshire and Humberside Tenancy Fraud Forum.

ANNEX A: COUNTER FRAUD ACTIVITY 2023/24

The table below shows the success rate of investigations and the levels of savings achieved through counter fraud work in 2023/24.

	2023/24 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£81,985
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, incorrect application blocked)	56%

Caseload figures for the period are:

	2023/24 (Full Year)
Referrals received	362
Number of cases under investigation ³	111
Number of investigations completed	115

³ As at the end of the year (31 March 2024).

Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all Councils and a number of other public sector bodies in the UK. Data was supplied to the Public Sector Fraud Authority in 2023/24 for the annual Single Person Discount matching exercise. This is the first time North Yorkshire Council has submitted data to the NFI.</p>
Fraud detection and investigation	<p>The team continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity completed in 2023/24 included the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – Ten investigations were completed in the year. The counter fraud team provided information to support action by the service in three cases, and two matters were further reported to the police following our involvement. Savings of £13.5k were achieved in this area, with an agreement to repay £140k by a family who evaded care fee contributions. No issue was identified in five cases. The team has nine ongoing cases relating to adult social care fraud. • Council Tax/NNDR fraud – Veritau has 12 ongoing investigations in this area. Last year, 43 cases were completed which resulted in warnings being issued to 13 people and revised bills being issued in a further 12 cases. The team also provided information to identify the correct liable party in one case. No issue was found in 17 cases. Investigative work has helped the Council achieve £32.1k of savings. • Council Tax Reduction Scheme fraud – The counter fraud team work closely with the benefits team and external agencies to detect and investigate fraud in this area. A total of 34 cases were complete in 2023/24. Thirteen investigations led to warnings being issued, and identification of underpaid Council Tax in a further six cases. No fraud was identified in 13 investigations, and two matters were further referred to the Department for Work and Pensions (DWP). Engagement by the DWP has improved and nine of the 16 ongoing cases involve joint working.

Activity	Work completed
	<ul style="list-style-type: none"> • Education verification – Veritau reviewed nine school admission applications where conflicting home address information had been identified. One application was stopped as a result of investigative work, and eight cases were upheld. One investigation is ongoing. • Housing fraud – No fraud was identified in the two investigations completed last year. The team has three ongoing cases relating to housing fraud. • Internal and external or third party fraud – The counter fraud team investigated 13 cases. In three cases employees resigned. Investigative work also provided information to support Council services in four cases and led to an invoice being raised for the recovery of funds in a further case. Five investigations found no issue. The team has 15 cases ongoing. • Local assistance fund – One investigation was completed that found no fraud. There is one ongoing investigation in this area. • Parking fraud – The counter fraud team completed three investigations relating to the misuse of disabled parking badges and Council issued parking permits. Two people received warnings following investigation. No fraud was identified in the third case. There are no active investigations in this area.