

Consolidated Fraud Report

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REASON FOR ITEM

To date the Audit Committee has received regular reports on the counter fraud measures included in the remit of Internal Audit. This mainly consist of

- internal proactive audit work aimed at detecting potential fraud,
- reactive investigations into fraud and irregularity,
- co-ordinating National Fraud Initiative data returns and the associated follow up work on investigation matches,
- running awareness programmes across the council,
- ensuring that policies and procedures are updated on a regular basis and
- advising managers on the measures they can take to prevent and detect fraud.

However, Internal Audit is only one arm of the council's counter fraud work. Since October 2010 the Housing Benefit Fraud team has come within the Audit and Enforcement function. This has allowed us to broaden the scope of their work into Corporate Anti Fraud. The Audit Commission Publication, Protecting the Public Purse, provides a checklist for those responsible for governance, to assess their organisations fraud defences against recommended good practice.

This report matches Hillingdon against this checklist, giving examples. It is followed by a summary of the anti-fraud and investigation work undertaken in the year, together with appropriate statistics.

OPTIONS AVAILABLE TO THE COMMITTEE

Note the contents of the report and the level of compliance with the audit commission checklist for those charged with Governance. Monitor actions in the report to ensure anti-fraud measures are given an appropriate profile in the council.

INFORMATION

Consolidated Report on Hillingdon's Counter Fraud Measures in 2009-10

1. Have we committed ourselves to zero tolerance against fraud?

Yes, this is clearly stated in the current anti-fraud and corruption policies and strategy approved by Council this year.

2.0 Do we have appropriate strategies, policies and plans?

Yes, we have an anti-fraud and corruption policy and strategy which is supported by codes of conduct, whistleblowing, rules for declarations of interest and gifts and hospitality and a Standards Committee for Members.

3. Do we have a dedicated counter-fraud resource?

Yes the Corporate anti fraud team now reports to the Head of Audit and Enforcement as does a small team dealing solely with Planning Enforcement. Other prosecuting teams such as Trading Standards are appropriately resourced for their counter fraud work.

4. Do the resources cover all of the activities of our organisation?

Yes

5. Do we receive regular reports on fraud risks, plans and outcomes?

Yes, for internal fraud issues?

6. Have we assessed our management of counter-fraud resources against good practice?

yes.

7. Do we raise awareness of fraud risks including, new staff (including agency staff), existing staff and Members?

Yes, we are continually refining this and improving our methods of delivery. Fraud awareness sessions for managers are held regularly throughout the year. Induction includes a requirement to complete fraud awareness training. An e-learning programme for staff is available on the intranet.

The Housing Benefit Fraud Team runs an annual seminar for Members on the work that they do. Three times a year they run their 'Bigger Picture' seminar for staff, which also deals with HB fraud.

8. Do we join in appropriately with national, regional and local networks and partnerships to ensure we are up to date with current fraud risks and issues?

Hillingdon chairs the West London Fraud Managers forum, which meets quarterly to compare performance, working practices and review current issues. We are members of Local Authority Investigation Officers Group (LAIOG) London Boroughs Fraud Investigation Group (LBFIG), as well as the National Anti-Fraud Network (NAFN). The Corporate Fraud Manager has been in active talks with representatives from the DWP as they prepare for a single investigation unit.

9. Do we have working arrangements with relevant organisations to ensure effective sharing of knowledge and data about fraud?

Yes – We work with the local police team and the UK Border Agency and other social landlords.

10. Do we identify areas where internal controls may not be performing as intended?

Yes this is done in a number of ways, most obviously by the audit of risk areas. Internal Audit reviews summaries of disciplinary case for potential control failures that may need further investigation. There is also a good culture of managers approaching Internal Audit when they think they have a problem area.

11. Do we maximise the benefit of our participation in the audit commission NFI and receive reports on outcomes?

Yes, this is co-ordinated and monitored by the Internal Audit team. The ICT team provide timely and accurate data downloads for matches and within each department there is a lead person who deals with matches in their area of expertise.

12. Have we reassessed our fraud risks because of the recession?

We continually review our fraud risks and look for new ways of detecting and preventing fraud. The formation of the Corporate Fraud team provides greater resilience in investigation for the council. Their expertise can now be utilised in the wider anti-fraud arena and we have plans in place to undertake some proactive work with the team.

13. Have we amended our counter fraud action plan as a result?

Yes, we plan to do more work on external fraud other than benefits, e.g. Blue Badge and will be looking at internal issues in the coming year..

14. Have we reallocated staff as a result?

The Fraud team has been subject to BID. Although there was an overall reduction in staff ways of working have been altered to ensure the most efficient use.

15. Do we take effective action to ensure that social housing is allocated only to those in need?

Yes – Hillingdon successfully applied for a grant of £50k to run a publicity campaign to publicise social housing fraud, called Blow the Whistle on Housing Cheats. Some money was used for partnership working with social landlords in Hillingdon. We carried out visits on behalf of one social landlord on a contract basis. We are planning some data matches with that may help us to identify further abuses.

Housing Application verification visits are made to all new applicants that go onto the housing register to ensure that their details are correct and to confirm the eligibility of their application--in 2010-11 166 potentially fraudulent applications were stopped. The Audit Commission estimates that it would cost £4,000 to recover possession of a property which has been illegally obtained. There are also substantial savings where tenants in receipt of benefits are moved from the private to the social rented sector.

16. Do we take effective action to ensure that social housing is occupied by those to whom it is allocated?

We have an ongoing poster campaign in the borough to blow the whistle on housing cheats. We will also be carrying out data matches to help identify further anomalies.

17. Are we satisfied that payment controls are working as intended?

The payment system changed in year and some controls now need to be strengthened.

18. Have we reviewed out contract letting procedures against the good practice guidance issues by the office of Fair Trading to reduce the risk of illegal practices such as cartels?

Yes

19. Are we satisfied that our recruitment procedures are; preventing employment of people working under false identities; validating employment references effectively and ensuring applicants are eligible to work?

We have a liaison officer in the Borders and Immigration Service who makes regular visits to the council. UKBA have been working closely with Hillingdon's HR team to ensure that they are appropriately trained in examining identity documents.

All identity documents are now checked centrally by trained staff. Further work on verifying references and past employment is planned for 2011-12

20. Where we are moving to direct payments (for example, social care) have we introduced suitable and proportionate control arrangements in line with recommended practice?

Yes.

21. Are we effectively controlling the discounts and allowances we give to council tax payers?

Yes, have continuous a programme of checking single person discount and other reliefs.

22. Are we satisfied that we are doing all we can to tackle housing and council tax benefit fraud?

Yes, in 2010-11 there were 42 prosecutions, 23 cautions and 35 administrative penalties (fines) imposed for Housing Benefit Fraud. Overpayments identified as a result of fraud amounted to £375,000

In total the Housing Benefit Fraud team carried out 10,448 visits.

23. Do we have a reporting mechanism that encourages our staff to raise their concerns about money laundering?

Yes, Head of Audit and Head of Revenues are money laundering reporting contacts. No reports were made this year.

Anti Fraud and Corruption Statistics

The internal Audit team instigated 17 investigations in year of which xx have been closed. The remainder are ongoing or details have been passed to the Corporate Fraud team for consideration of prosecution.

The Corporate Fraud team's performance on Hosing and council tax issues is as follows;

- 1371 referrals
- 166 cancelled Hsg waiting list applications
- 100 Sanctions
- 10448 visits

The sanctions fall into the following categories;

- Prosecutions 42
- Cautions 23
- Administrative Penalties 35

The achievement of these sanctions has been consistent throughout the year. There are a number of benefits to the residents of Hillingdon as a result of prosecutions. A number of community service hours have been used to improve the environment, community activities and services in the Borough.

Prosecutions are reported in Hillingdon People where residents who have been prosecuted are named and shamed, which act as a deterrent to others. There has been frequent coverage in the local press.

Council Tax checks are aimed at maximising Council Tax revenue data base. To do this that any new builds are scrutinised, exemptions and discounts are checked by ensuring that occupancy details are correct and that the correct level of council tax is being paid

Blue Badge checks have been initiated in the Borough. The first of these were in February and March of this this year when the following results were achieved.

	February 2011	March 2011
Inspected	49	66
Seized	14	6
Penalty Charge Notice Issued	10	2
Interviews under caution arranged	12	8

This exercise will continue throughout the borough in the coming year.

Other work

A staff survey was conducted to test awareness of Fraud and corruptions issues in the authority. The results were reported to the Audit Committee and showed an improvement in awareness the same survey conducted some years before.

During the year the Anti-fraud and Corruption Policy and the Strategy were completely rewritten to take account of the changing environment and the new Bribery Act. These were approved by Cabinet.

BACKGROUND PAPERS

Audit Commission document - Protecting the Public Purse, local government fighting fraud.