

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 20 July 2021

Reporting officer: James Larkin, Head of Audit & Counter Fraud Shared Service
(Chief Audit Executive)

Subject: National Fraud Initiative Progress Report

Purpose and summary of report:

To provide Members with an update on the work completed in relation to the data matches received as part of the National Fraud Initiative Exercises 2019-20 and 2020-21

Recommendations:

1. This report is for information only.

1. Introduction

- 1.1 The council proactively takes part in the National Fraud Initiative (NFI) exercise, which is co-ordinated by the Cabinet Office. This is a nationwide data matching exercise, comparing computer records held by the council against other computer records held by councils and other public bodies, with a view to identifying potential instances of fraud or irregularity.
- 1.2 There are two separate exercises, one matches council tax single person discount (SPD) to the electoral register and is run on an annual basis. Data is submitted between December, once the electoral register has been published, and February the following year, with the results received within hours.
- 1.3 The second exercise takes data from the council in relation to;
 - housing (tenancies, right to buy, waiting list),
 - housing benefit,
 - council tax reduction,
 - residents parking permits,
 - creditors (historic and standing),
 - market traders,
 - personal alcohol licences,
 - payroll, and
 - private hire (taxi) licences,

and is run on a bi-annual basis with data submitted in October and the results identified from the subsequent data matching released to the authority in January the following year.

- 1.4 Matches can be reviewed by the individual services they relate to, with suspicious results referred to the Audit & Counter Fraud (A&CF) Service for investigation or reviewed directly by the A&CF service.
- 1.5 This report provides an update on the 2019-20 exercise, which relates to the council tax single persons discount exercise.
- 1.6 There is also a brief update on the matches received as part of the 2020-21 bi-annual exercise, which includes the data sets described in paragraph 1.3 above.

2. Progress with the 2019-20 Council Tax Exercise

- 2.1 In total 934 matches were received across three reports. These relate to persons with a single person discount where the data match has identified:
 - Report 801 - Electoral roll with more than one person at the address (793 matches),
 - Report 802 - Electoral roll suggesting an occupant who is about to reach 18 (63 matches), and
 - Report 803 - Other records showing alternative persons registered at the address (78 matches).
- 2.2 In previous years, the matches relating to single person discount have been checked by the systems team within MRBS; however, the additional pressures created by Covid meant it was unlikely they would be able to undertake this task, so the matches were reviewed by the A&CF Service. The current position for all reports, as of 30 June 2021, is as follows;
- 2.3 Report 801:
 - 292 matches were rejected as not requiring investigation. This is because they have been cleared as part of previous exercises.
 - 10 matches currently open while enquiries are conducted.
 - 435 closed with no evidence of fraud.
 - 56 SPD removed (four replaced with alternative discount).
- 2.4 Report 802:
 - Eight matches currently open while enquiries are conducted.
 - 43 closed with no evidence of fraud.
 - 12 SPD removed.
- 2.5 Report 803:
 - Two matches currently open while enquiries are conducted.
 - 72 closed with no evidence of fraud.
 - Four SPD removed.
- 2.6 Overall, this has led to additional CTAX liability of £66,839 and an additional £33,144 in future years in relation to discounts and council tax reduction that will

no longer be applied. In addition, 16 civil penalties were issued for negligently failing to report changes that impacted on eligibility for a discount, totalling £1,120.

3. Progress with the 2020-21 Exercise

- 3.1 Progress to date has been limited due to investigative resource being redeployed to other parts of the council during the pandemic response and a focus on trying to clear matches from the 2019-20 exercise but this report provides details on the volume of matches received.
- 3.2 In total, 3,736 matches were received in January 2021 and can be categorised in seven key areas of the council:
- Council Tax – 2,282 matches
 - Housing Benefit – 40 matches
 - Council Tax Reduction – 184 matches
 - Payroll & Procurement – 15 matches
 - Housing – 203 matches
 - Parking – 17 matches
 - Finance – 529 matches
- 3.3 The Cabinet Office also requested data in relation to the Business Support Grants, Retail, Hospitality & Leisure Grants and Discretionary Business Grants awarded during the first National Lockdown in 2020 and the results of that data matching were received in May 2021 in the form of an additional 21 matches.
- 3.4 Work to review these matches has commenced but discussions will be taking place with individual services to assist with the review of matches in their areas as the A&CF service does not have sufficient resource to review all 3,736 in a timely manner. A further progress update will be provided to the Committee in September 2022.

4. BACKGROUND PAPERS

- 4.1 There are no background papers to this report.

IMPLICATIONS	APPENDIX 1
Legal	The Accounts & Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.
Finance and Value for Money	An adequate and effective Audit & Counter Fraud function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the council.
Risk Assessment	This report, summarising the work of the Audit & Counter Fraud team, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. N/A</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	The work of the Audit & Counter Fraud Team supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
Climate Change	There are no climate change implications to this report.

Crime and Disorder	The Audit & Counter Fraud Team provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.
Digital and website implications	There are no digital/website implications to this report.
Safeguarding children and vulnerable adults	There are no direct safeguarding implications to this report.