

COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 24 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 In October information was released to members of staff 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.
- 5 A campaign to remind staff of fraud that can affect the Council, and how to report it, took place for International Fraud Awareness Week in November. Details for contacting the fraud team were circulated.
- 6 An e-learning package for staff that highlights potential fraud threats in the transition to the new North Yorkshire Council was completed in September. The training is now available for staff to complete.
- 7 An awareness campaign informing staff about the Council's anti-bribery and anti-money laundering policies took place in December.



MULTI-AGENCY WORK

- 8 In November, the Council submitted data to the Cabinet Office for the 2022/23 National Fraud Initiative exercise. Outputs from these national matches will be released in 2023. The Council are now in the process of submitting data for the annual Single Person Discount exercise.

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

INVESTIGATIVE WORK

- 9 The counter fraud team encourage staff and members of the public to report any concerns they have about fraud affecting the Council. Up to the end of November 2022, 38 referrals of suspected fraud were reported to Veritau. These relate to council tax support, council tax and business rates discounts/exemptions, and covid-19 grant claims.
- 10 Investigative work has helped the Council to save £17.5k through recovery of incorrectly obtained funds and by preventing erroneous payments. In addition to the removal of five incorrect discounts and exemptions, new liabilities for business rates have been established. Four people have received warnings in cases where issues were identified.
- 11 The counter fraud team have ten suspected cases of fraud currently under investigation.
- 12 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 30/11/22)	2022/23 (Target: Full Yr)	2021/22 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£17,589	£16,000	£12,294
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions)	53%	30%	47%

Caseload figures for the period are:

	2022/23 (As at 30/11/22)	2021/22 (Full Year)
Referrals received	38	85
Number of cases under investigation	10	18 ²
Number of investigations completed	17	38

² As at 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 in 2022/23 includes the following.

- **Covid-19 related fraud** – Eight investigations into Covid-19 grant awards have been completed in the year to date. Warnings have been issued to two individuals. In one case, a power of attorney provided incorrect information that led to £17.6k of grants being incorrectly obtained. Two investigations are ongoing.
- **Council Tax Reduction fraud** – One case has been completed – no fraud was identified. Two cases remain under investigation.
- **Council tax fraud** – The team have completed eight council tax investigations. Two people have been issued warnings for failing to provide information about changes in circumstances while receiving a council tax discount. Five claims for single person discount are currently under investigation.
- **NNDR fraud** – Covid-19 grant investigations led to rate reliefs being cancelled at three premises and new liabilities of £14.6k being raised. One investigation is ongoing.
- **Internal fraud** – No referrals of internal fraud have been received in 2022/23.