

Milton Keynes City Council

Internal Audit and Risk

Counter-Fraud Update
September 2022

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1 Introduction

- 1.1 The Counter Fraud Service is part of Internal Audit and is responsible for undertaking reactive and proactive counter fraud work. Reactive work mainly includes administering and investigating referrals received both from the general public and Council officers, including those raised under the whistle blowing policy. Proactive work includes leading on fraud awareness campaigns, work on National Fraud Initiative exercises as well as providing assistance on Social Care financial assessments and grant post payment verification.
- 1.2 The Council has adopted a zero tolerance towards Fraud and the Counter Fraud team is a key part of the drive to prevent, detect and resolve possible instances of fraud.
- 1.3 This update report provides stakeholders, including the Audit Committee, with a summary of Counter Fraud activity undertaken for the period 1 April 2022 to 31 August 2022.

2 Summary

2.1 Reactive work

2.1.1 Referrals – See 3.1 below

Referrals are received via the Fraud hotline; direct to the fraud email inbox or via completion of an online form which is submitted to the Fraud in box.

Due to the volume of referrals and the wide range of issues raised, risk assessments are conducted in order to prioritise resource or transfer these to other appropriate bodies such as the Department for Work and Pensions (DWP).

Some referrals are not investigated if evidence submitted is considered insufficient to enable further action but are recorded on the Council's case management system. When a referral is received and assessed as requiring investigation, action is undertaken to establish if the matter arose because of an error or fraud, and the facts and evidence available are reviewed to attain a suitable resolution.

2.1.2 Whistleblowing Policy Complaints – See 3.2 below.

Concerns are raised under the Council's whistle Blowing Policy. The policy seeks to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to our attention.

The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the Council subscribes.

2.1.3 Post Payment Checks- see 3.3 below

In administering payments of the energy rebate to council taxpayers, the Council is required to provide assurance on the eligibility of applicants. The Service has been undertaking checks to verify details of individuals in receipt of energy rebate payments, to confirm applicants are eligible and that the payments are valid.

2.2 Proactive work

2.2.1 National Fraud Initiative (NFI) – see 4.1 below

The NFI compares different data sets provided nationally by local authorities and partner organisations. MKCC data, for example, is compared with data from other local authorities to identify cases of potential errors or fraud. Where a match is found it may mean that further investigation is required to establish the error or fraud and actions required.

The Counter Fraud team works with Services to ensure datasets are uploaded to NFI portal in a timely manner and matches are investigated and outcomes uploaded on to the portal for sharing.

2.2.2 No recourse to public funds (NRPF) – credit checks -see 4.2 below

Section 115 of the Immigration and Asylum Act 1999 states that a person will have 'no recourse to public funds' if they are 'subject to immigration control'. This means they have no entitlement to the majority of welfare benefits, including income support, housing benefit and a range of allowances and tax credits.

However, Social services' support is not classed as a public fund for immigration purposes and can be accessed by a person who is subject to the 'no recourse to public funds' (NRPF) condition.

The Counter fraud team supports social workers with undertaking credit and other financial checks on applicants for NRPF.

2.2.3 Other Counter Fraud Concerns – see 4.3 below

- Anti- Money Laundering Policy
- Anti - Fraud & Corruption policy (including Bribery Act)
- Regulations of Investigatory Powers Act (RIPA)

2.3 Service Resources

Following the decision by the shared service partners (Milton Keynes, West Northants, North Northants and Cambridgeshire County Council) not to share Counter Fraud Management and Fraud officers Resource, MKCC Counter fraud service has been depleted with only a single fraud officer post which is currently vacant. Counter fraud responsibilities have been absorbed within the Internal Audit resource.

3 Reactive work - details

3.2 Referrals:

Between 1st April 2022 and 31st August 2022, 51 referrals were received. Of these, 4 were not investigated due to insufficient evidence, 15 are ongoing and 32 referrals were investigated and closed.

The table below sets out the 32 cases considered by the Counter Fraud team during the period 1 April 2022 – 31 August 2022 and the outcomes achieved.

Fraud Type	No of Referrals	Status	Outcomes
Blue Badge misuse	4	3 closed, 1 active	Matters reviewed, referred to parking to look out for misuse. One Warning letter issued.
Housing & Ctax Benefits	9	7 closed, 2 active	All matters logged and referred to the DWP for investigation.
Council Tax – single Persons' discount	3	1 closed 1 Active	Closed following review and no savings recorded
Bank Mandate	1	Closed	Attempted fraud -prevented, no loss. Reported to Action Fraud.
HR corporate	1	1 Active	Employee with 2 nd job. Disciplinary Hearing held.
Housing	14	10 closed, 4 active	Following review of allegation and checking of the system, no further action. No savings or equivalent have been recorded

3.3 Whistle blowing complaints

For the period 1st April to 31st August 2022, the Service has received three concerns raised under the whistleblowing policy, in the following areas:

3.3.1 Housing

3.3.2 Schools

One complaint was raised anonymously and so it has not been possible to progress it, and investigation of the other two are in progress.

3.4 Energy Rebate post payment Checks

3.3.1 The Energy Bills Rebate is a package of support of £150 non - refundable payment to help households within council tax bands A-D, with rising energy bills, announced by the government. Prepayment checks on the details of applicants were incorporated within the electronic Portal through which applications are submitted.

3.3.2 Payments were being made under one of 4 schemes, depending on how the applicants pay their council tax.

3.3.3 During the period to August 2022, the Counter Fraud team undertook post payment checks to provide independent assurance on the validity of the payments made under Schemes A and B, for a sample of payments made. Payments under these schemes apply to households who pay their Council Tax via direct debit.

4 Pro-active Work -details

4.1 National Fraud Initiative (NFI) exercise

4.1.1 Council tax single person discount datasets are collected and matched annually. Matches for 2021/22 exercise have been investigated by the services and outcomes are being returned to the Counter Fraud team for upload and sharing on the NFI portal.

2021/22 NFI matching exercise as at March 2022 identified £27003.66 of savings from debts to be recovered from various council tax reduction matches and 220 instances of errors. 7488 matches were reviewed.

4.1.2 The request for datasets for the 2022/23 matching exercise has been received and the counter fraud team have started to issued requests to Services for the data to be extracted from their systems for upload to NFI the portal.

4.1.3 The data sets to be matched for 2022/23 exercise include:

- Payroll
- Pensions
- Creditors – Payment history & standing data
- Housing -Waiting lists & Right to buy
- Council Tax – Reduction scheme and Single person’s discount
- Electoral Register
- Taxi Licenses
- Transport Passes & Permits – Resident Permits; Blue badge; Concessionary travel

4.2 No recourse to public Funds – credit checks

4.2.1 The Counter fraud team undertakes credit checks on the financial histories of claimants, to assist social workers and other Officers who are responsible for completing assessments to determine whether to provide support to families with no recourse to public funds.

4.2.2 During the period of review, the Counter fraud team undertook 9 financial credit checks of which 8 were closed following advice given to the social worker to assist with their assessment and 1 is in the process of being completed.

4.3 Other Counter Fraud Activities

4.3.1 There have been no anti money laundry concerns raised with Internal Audit Counter fraud during the period under review.

4.3.2 There have been no bribery allegation concerns raised during the period under review.

4.3.3 There were no applications for approval under RIPA during the period. To improve and raise awareness of the applications process, the Legal Services Team are designing a new process to be rolled out to officers, for use when considering application of RIPA for surveillance exercises.