

**BROMSGROVE DISTRICT COUNCIL**

# AUDIT BOARD

15th December 2011

**CORPORATE ANTI FRAUD - PERFORMANCE 2010-2011 and APRIL 2011 TO SEPTEMBER 2011**

Relevant Portfolio Holder	Councillor Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development.
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources.
Wards Affected	All Wards
Ward Councillor Consulted	
Non-Key Decision	

## 1. **SUMMARY OF PROPOSALS**

This document provides an overview of activities undertaken by the Corporate Anti-Fraud Team during 2010/11 and for the period April 2011 to September 2011. It provides information on the types of cases investigated / considered, whilst also showing the financial impact to the Council.

## 2. **RECOMMENDATIONS**

- 2.1 Audit Board is asked to approve this 'information only' document on the basis that it is provided to the Board, allowing Members to remain up to date with anti-fraud work being undertaken by the Corporate Anti-Fraud Team.

## 3. **KEY ISSUES**

### **Financial Implications**

- 3.1 For the period April 2010 to March 2011, the following cases were investigated. The amount of money obtained from such activity is also noted.

	Benefit Fraud cases	Council Tax Fraud	Employee Fraud / cases	Disability Grant cases
Number of referrals	281	8	1	1
Number of cases investigated	167	14	1	1
Number of Formal	44	0	0	0

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

15th December 2011

Cautions issued				
Number of Administrative Penalties issued	1	0	0	0
Number of prosecutions	7	0	0	0
Housing Benefit and Council Tax Benefit Overpayments Raised	£163,691.77	N/A	N/A	N/A
Other Social Security Overpayments raised	£27,020.80	N/A	N/A	N/A
Amount of money obtained fraudulently	N/A	£983.20	Estimated at £53,934.39 – employee dismissed	£30,000

The total financial figure for all fraud affecting the Council is **£275,630.16**

3.2 From April 2011 to September 2011, the following cases have been investigated. The Financial implications for the Council are also noted.

	Benefit Fraud cases	Council Tax Fraud	Employee Fraud / cases	National Fraud Initiative 2010
Number of cases investigated	135	4	1	1629
Number of Formal Cautions issued	29	0	0	Inc in Benefit figures
Number of Administrative Penalties	1	0	0	0

**BROMSGROVE DISTRICT COUNCIL**

## **AUDIT BOARD**

15th December 2011

issued				
Number of prosecutions	0 – several pending outcome	0	0	Inc with Benefit figures
Housing Benefit and Council Tax Benefit Overpayments Raised	£176,274.90	N/A	N/A	£36,596.07 (inc in Benefit figures)
Other Social Security Overpayments raised	£4652.48	N/A	N/A	N/A
Amount of money obtained fraudulently	N/A	£918.45	Employee dismissed	Inc in Benefit figures

The total financial figure for all fraud affecting the Council, for the first six months of the year is **£181,845.83**

### **Legal Implications**

- 3.3 Due to the Vassell v Coventry City Council High Court case, the legal department have seen a significance reduction in the number of cases being referred to them for consideration of prosecution proceedings, as the Benefit Fraud offences under the summary legislation of Section 112 of the Social Security Administration Act 1992, is virtually impossible to prove. This is having an impact on the number of sanctions being applied to benefit fraud cases.

### **Service/Operational Implications**

- 3.4 This report has been written to provide information to Members of the work being undertaken by the Corporate Anti-Fraud Team.
- 3.5 The future of the Corporate Anti-Fraud Team is still unknown, however it is expected that this will become clearer in the near future. There remains a need for a Corporate Anti-Fraud Team as there are many areas that will still need consideration from a “potential fraud” angle. Central Government is issuing a new strategy nationally on 1st December 2011, regarding ‘Fighting Fraud Locally’ from a local authority perspective. As yet, these details are not known but a further

## **AUDIT BOARD**

15th December 2011

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report will be made to the Audit Board once they are clear. Datamatching remains a source of information for the team, such as the National Fraud Initiative, whilst internal Datamatching needs to be considered in the future despite it not being done at the moment. The Section 151 Officer still retains the responsibility for ensuring that governance of the Council from a financial viewpoint is closely monitored. Any fraud affecting the council, whether from an internal or external source is part of that remit.

### **Customer / Equalities and Diversity Implications**

- 3.6 Local residents expect the Council to manage public funds effectively. Minimising and investigating any risk of fraud is part of this function, particularly when the officers are professionally trained. Any fraud investigation is handled through nationally adhered to techniques and legislation, therefore the risk of equalities and diversity issues are managed through those laid down in criminal legislation (as regards the procedure of an investigation). Having professionally trained staff ensures that Equality and Diversity concerns are minimised from the outset. These include Human Rights issues.

### **4. RISK MANAGEMENT**

The prime risk of not preventing, and investigating where necessary, fraud related issues leave the Council exposed to incidence of fraud. Both low level fraud and organised fraud rely on the fact that organisations are weak in their approach to this topic. By having a team to educate both staff and the public alike, ensuring their presence is known whilst also ensuring that the knowledge and the professionalism of the team is made public, this reduces the risk of being targeted. This allows the team to continually monitor across the Council and investigate any allegations or referrals made to them. Prevention of fraud is far cheaper financially than investigating offences after the event.

### **5. APPENDICES**

There are no appendices with this report.

### **6. BACKGROUND PAPERS**

None.

### **AUTHOR OF REPORT**

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

15th December 2011

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