

Blackburn with Darwen Borough Council



Counter Fraud Annual Report 2022/23

**Audit & Assurance
Finance Department
June 2023**

1. Background

- 1.1. The Council is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level through a combination of the following:
- Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation;
 - Acknowledging and understanding fraud risks, and the harm they cause to the organisation, its objectives and service users, and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response;
 - Preventing and detecting fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture; and
 - Responding by punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.
- 1.2. The purpose of this report is to present the work carried out during the past financial year to minimise the risk of fraud, bribery and corruption across the Council. This supports the requirements of the Accounts and Audit Regulations (England) 2015 which states that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'.
- 1.3. The report also sets out planned work for 2023/24 and highlights some of the current areas of fraud risk.

2. Key mechanisms – policies and procedures

- 2.1. Effective policies and procedures are essential to ensure that all officers and members are aware of their roles and responsibilities in identifying and managing the risk of fraud. All policies and associated documents are available on the Council's intranet.

Whistleblowing Policy

- 2.2. The Council has an up to date Whistleblowing Policy which is available to all staff and members via the intranet.

Counter Fraud Strategy

- 2.3. The Counter Fraud Policy Statement and Counter Fraud Strategy 2022/25 were updated during the year and approved in July 2022. These key documents are consistent with the Fighting Fraud and Corruption Locally Strategy 2020.

Fraud Risk Register

- 2.4. To enable managers to identify and mitigate fraud risks a fraud risk register was created in 2016/17. Work has been undertaken with service managers during the year, in order to ensure that risk owners review and update the fraud risks for which they are responsible. This review highlighted new risks which have been added to the register.

Reporting and awareness

- 2.5. Audit & Assurance reports to the Audit & Governance Committee on a regular basis with corporate fraud updates.
- 2.6. The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams. These fraud alerts are then cascaded to ensure that key officers receive key messages and take appropriate action where appropriate. In addition, the Lancashire Chief Audit Group shares information and alerts regarding potential scams which are being attempted, or have been carried out in the region, as and when these are identified locally. These are also cascaded to relevant departments and highlighted on the Council's website where appropriate. Fraud cases are also discussed at the Group's meetings during the year.
- 2.7. The Principal Internal Auditor (Counter Fraud) is also a member of the North West Chief Auditors Counter Fraud sub group. This group has met on a regular basis during the year to consider the scope for joint working across the region on areas such as business rates and personal budgets, as well as to develop a common approach to key fraud risks and share best practise.
- 2.8. A fraud awareness training course is available on the Council's e-learning portal. This course has been undertaken by 1,087 people since its introduction (86 people during 2022/23) and Audit & Assurance continue to promote the course during its engagement with departments and schools. New members of the Audit & Governance Committee have also been provided with a copy of the CIPFA Counter Fraud Workbook for Councillors during the year. This has been produced by CIPFA and the Local Government Association. It is designed as a learning aid on this area for elected members and includes guidance, challenges cases studies and links to other information on this area.

3. Risk based planning to minimise the risk of fraud

- 3.1. The annual audit planning process includes consideration of the fraud risk. The 2023/24 Annual Audit Plan, approved by the Audit & Governance Committee in March 2023, included provision to support a programme of proactive work that minimises the risk of loss to the Council. The annual plan also includes an allocation of time for reactive investigations.

4. Work and investigations carried out in 2022/23

National Fraud Initiative (NFI)

- 4.1. The Council is required by law to provide send data to the Cabinet Office who administers this national data matching exercise. The returned data matches identify anomalies for further follow up and review by the Council to determine any actions required. Audit & Assurance co-ordinate the exercise and carry out further review of certain reports, including Payroll anomalies and suspected fraudulent Council Tax Support claims.
- 4.2. Work on the NFI 2022/23 exercise is ongoing following receipt of data from the Cabinet Office in January 2023. In total, 6,393 data matches have been received and include queries in the following areas:

- Housing Benefit;
- Payroll;
- Blue Badge Parking Permits & Concessionary Travel Passes;
- Creditors Payments, and;
- Procurement

4.3. Work on the NFI 2020/21 exercise was completed during the year. In total 1,641 matches have been processed and 1,050 errors have been identified resulting in total savings of £95,681. Arrangements are in place to recover this money from the individuals concerned where applicable. The table below sets out the areas of activity and the savings that have been identified.

Summary of Results

Area	No. of Errors	Value (£)
Benefits (Housing/Council Tax Support)*	23	£43,507
Resident Parking Permits**	1	£0
Blue Badge Parking Permits***	50	£28,750
Concessionary Travel Passes****	976	£23,424
TOTAL	1,050	£95,681

* Includes Cabinet Office 'forward estimate savings' figures

** Residents parking permits cancelled and system updated as a result of NFI information

*** The value attached to the Blue Badges Parking Permits has been determined by the Cabinet Office, which considers the average loss of fraud/error to be £575 per case. These permits have either been recovered and destroyed or are in the process of being recovered.

**** The value attached to the Concessionary Travel Passes has been determined by the Cabinet Office, which considers the average loss of fraud/error to be £24 per case. These passes have been cancelled and can no longer be used.

Other counter fraud activity and investigations

4.4. During the year, Audit & Assurance carried out a review of the fuel stock recording system for Council vehicles. This highlighted that strong controls are in place to prevent the misappropriation of fuel. The review made a number of recommendations to strengthen controls in order that fuel costs are properly accounted for and accurately recharged to Council departments.

4.5. Others areas brought to the attention of Audit & Assurance during the year were discussed with management and have been included within the 2022/23 audit plan for detailed review.

5. Priorities for 2023/24

5.1. The 2023/24 Internal Audit Plan makes provision for the following counter fraud activity during the year:

- National Fraud Initiative – co-ordination of the 2022/23 exercise and investigation into data matches;
- Reactive fraud investigations; and
- Development of a pro-active plan of work.

6. Conclusion

- 6.1. The range of activities and incidents covered in this report highlights the extent to which fraud and error exist as risks to the achievement of the Council's objectives. Our conclusion is that the Council had effective measures to enable the prevention and detection of fraud and irregularities. Work will continue in 2023/24 to ensure that the Council has all the necessary policies and procedures in place to create and promote an environment where fraud, bribery and corruption are not tolerated.