

Neath Port Talbot County Borough Council

Personnel Committee

14th May 2018

Report of the Head of Financial Services

Matter for decision

Wards Affected:

All

Establishment of a dedicated fraud officer post

Purpose of report

The purpose of this report is to seek Member approval to establish a Fraud Officer post at grade 7 based in the Internal Audit Section of the Finance and Corporate Services Directorate.

Executive Summary

The post will be responsible for the prevention and detection of fraud/overpayments by proactively investigating all potential instances of fraud and/or overpayments and for recommending changes where appropriate to systems and controls to minimise the risk of fraud and overpayments occurring. The post will also enable the Council to fulfil its commitment to joint working with the Department for Work and Pensions (DWP) to progress criminal fraud cases toward a prosecution from the outset.

Background

Previously there were primarily two elements of fraud investigation carried out by the Council, Housing Benefit fraud and all other fraud. Housing Benefit fraud was carried out by a dedicated team that sat under the control of the Principal Benefits Officer and was responsible for all aspects of fraud in relation to housing benefits only.

The responsibility for Housing Benefit fraud investigation across the UK was taken over by the Department of Works and Pensions (DWP) and

rolled out nationally between October 2014 and March 2016 and the Council's Housing Benefit fraud team was fully disbanded on 1st December 2015.

All other fraud was investigated by the Internal Audit Team and continues to be so. Due to the Council's requirement for budget savings in recent years as a result of the Government's austerity measures however, the size of the Internal Audit team has reduced from 12.0 FTE in 2008 to 7.50 FTE in 2018 a 37.5% reduction.

As a result of this reduction the Internal Audit team now investigates possible instances of fraud very much on a reactive basis mainly through referrals or through issues that have arisen from other audit work. Fraud investigations have to be given priority which means that staff have to be taken off planned work to carry them out; they also invariably take a considerable amount of time to undertake. This then puts great pressure on the team in terms of completing its planned work and often results in some audits having to be cancelled.

In addition to fraud investigations, Internal Audit participates in the National Fraud initiative which involves data matching across a range of public bodies and a range of services throughout the United Kingdom and which requires input from both Internal Audit and relevant services. Again because of shrinking resources across the Council, full benefit is not being taken of this initiative.

In recent years the Council has paid an external company to review single person discount (SPD) claims across the County Borough with a view to limiting instances of fraudulent claims.

The Council has also recently agreed to sign up to a joint counter fraud initiative with the DWP which is being rolled out throughout local government. This joint initiative is likely to require a significant level of input from Internal Audit which without this proposed post will put further pressure on the team in terms of being able to complete the audit plan and provide a meaningful level of assurance to members regarding the governance and control arrangements of the Council.

Proposal

A Fraud Auditor post is created at grade 7 to undertake work on the prevention and detection of fraud covering amongst others, the following areas:

- Council Tax Reduction scheme payments
- Regular reviews of Council Tax single person discount (SPD) awards
- National Fraud Initiative (NFI) work
- Joint counter fraud initiative work with DWP
- Internal data matching exercises for detection of instances of both fraud and overpayments
- Referrals to Internal Audit from various sources including whistleblowers, managers and following general Internal Audit work.

The benefits to the Council of creating this post will be:

- Greater resilience and broader coverage in terms of fraud investigative work and prevention of overpayments
- Financial savings from the prevention and detection of fraud
- Greater benefit received from NFI exercises
- Ability to provide greater contribution to the counter fraud initiative with the DWP
- Less disruption to the planned work carried out by Internal Audit
- Greater assurance provided to members around the governance and control arrangements of the Council.

Financial Impact

The salary cost at the bottom of grade 7 will be approximately £33,653. The cost will be funded from the Housing Benefit subsidy arrangements.

In addition to the salary cost there will be some equipment (one off), travel and subsistence and training costs. The total cost in the first full

year as detailed in appendix 1 is expected to be approximately £38,000. This plus the cost in subsequent years will be fully funded from the benefit subsidy arrangements.

Equality impact assessment

An Equality Impact Assessment screening form was completed to assist the authority in complying with its Public Sector Equality Duty. The screening indicated that there was no requirement to carry out a full equality impact assessment.

Workforce impacts

This proposal will provide greater resilience within the Internal Audit Section and increased support for its work on special investigations.

Legal impacts

There are no legal impacts associated with this report.

Risk management

This proposal will help reduce the risk of fraud against the Council going undetected.

Consultation

There is no requirement under the Constitution for external consultation on this item.

Recommendations

It is recommended that approval is granted for the establishment of a Fraud Officer post at grade 7 based in the Internal Audit Section of the Finance and Corporate Services Directorate.

FOR DECISION

Reasons for proposed decisions

To carry out work for the Council on the prevention and detection of fraud and overpayments.

Implementation of decision

The decision is proposed for implementation after the three day call in period.

Appendices

Appendix 1 – Financial Implications – Fraud Officer Post

Appendix 2 – Equality Impact Assessment

List of background papers

DWP Joint Working Expression of Interest Letter.

Officer contact

David Rees – Head of Financial Services

Tel. No.- 01639 763634

E-mail - d.rees1@npt.gov.uk

Anne-Marie O'Donnell – Audit Manager

Tel. No. – 01639 763628

am.odonnell@npt.gov.uk