

# Appendix 1

SAFE WELL PROSPEROUS CONNECTED

## Counter Fraud Progress Report



**North  
Lincolnshire  
Council**

[www.northlincs.gov.uk](http://www.northlincs.gov.uk)

## Introduction

The council's framework to combat fraud, corruption and misappropriation was approved by Audit Committee in September 2021. The framework follows national guidance as laid out in the document 'Fighting Fraud and Corruption Locally (FFCL) - a strategy for the 2020's', and is based upon the key principles of:

- Govern
- Acknowledge and understand
- Prevent and detect
- Pursue
- Protect

This update highlights the work carried out in each of these areas and demonstrates the Council's continuing commitment to minimise the risk of fraud.

## Govern

The council has a robust framework of procedures and controls to minimise the risk of losses due to fraud. Our anti-fraud and corruption strategy makes it absolutely clear that fraud and corruption will not be tolerated. The strategy is currently under review and an updated version will be brought to this committee for consideration and approval.

Our supporting policies and procedures are also reviewed on a regular basis to ensure they continue to provide clear guidance to protect the council from fraud and corruption. The Fraud Response Plan is also being reviewed and a revised version will be published shortly, ensuring that there is a clear pathway for reporting concerns and process for dealing with those concerns.

To provide assurance that our fraud response is appropriate and meets the needs of the council, we invited Lincolnshire County Council to provide an independent 'peer review' of our arrangements against the checklist in the FFCL strategy. The review is now complete and provided satisfactory assurance on the effectiveness of the control environment in relation to fraud. In coming to this conclusion, the review also made a number of findings that we will work through to improve our fraud response, including carrying out an updated fraud risk assessment.

The review identified two areas for consideration by the Audit Committee. The FFCL strategy checklist recommends that there is a member of the Cabinet with lead responsibility for fraud to receive a regular report that includes information, progress and barriers on the assessment against the FFCL checklist, fraud risk assessment and horizon scanning.

The second area for consideration is whether the Committee feels that the production of an annual fraud plan approved by the Committee is necessary to provide additional assurance on our fraud arrangements, or whether the current arrangements are satisfactory.

## Acknowledging and understanding fraud risks

There is no doubt that the past few years have seen changes on a massive scale. COVID has transformed the way we work as council, with home and hybrid working now the norm. The rise in the cost of living and conflict in Ukraine are also placing strains on finances both public and personal.

At the same time, it is reported that fraud is now the most prevalent crime<sup>1</sup> and latest estimates of fraud losses within Local Government have increased from £7.8bn in 2017 to £8.8bn in 2023<sup>2</sup>. It is clear that fraud is and will remain a significant risk.

We cannot afford to lose money to fraud. We all have a responsibility to understand what fraud looks like, what to do when we suspect it and how to report it. Advice and guidance is available on the council wiki pages and a suite of fraud awareness e-learning modules, specifically developed to raise awareness of fraud are also available on the LearningLincs platform. The more employees understand what fraud is, how their service might be targeted by fraudsters and how to respond to instances of fraud, the harder we make it for fraudsters to steal public money.

But, having the tools to prevent fraud is only effective if those tools are used and understood. Therefore, we have undertaken a short staff survey, not only to assess the level of knowledge and understanding of fraud but also to assess our employees' confidence in using those tools (such as the reporting a concern (whistleblowing) policy).

The last staff survey in relation to fraud awareness was conducted in 2018/2019. During a four month period in 2023, a refreshed survey was made available to employees to complete. A variety of methods were used to promote the completion of the survey, including the weekly corporate communication to staff and through senior leadership team. At the end of the survey period in August 2023, 72 responses had been received. Some of the key findings are shown as follows:

<b>72%</b>	of respondents are aware of the fraud awareness modules
<b>83%</b>	of respondents agreed that the council had made clear its commitment to fight fraud and corruption (7% in 2019)
<b>94%</b>	of respondents are aware of their personal responsibilities and conduct in respect of fighting fraud and corruption (89% in 2019)
<b>72%</b>	of respondents are aware of the councils fraud and corruption strategy (50% in 2019)
<b>98%</b>	of respondents understood their responsibilities under the Bribery Act (84% in 2019)
<b>73%</b>	of respondents are aware of the register of gifts and hospitality and that periodic reminders are issued

<sup>1</sup> Crime in England and Wales: year ending March 2023

<sup>2</sup> Annual Fraud Indicator 2023

Of the 15 questions asked in the survey, 12 showed improvements on the 2018/19 responses. However, the survey also identified areas where more can be done to raise awareness or confidence further including:

- Improving awareness of internal controls such as segregation of duties and how they are effective in preventing fraud and corruption
- Improving awareness of the arrangements in place to deal with allegations of money laundering
- Awareness of the register of interests
- Awareness of how the Council’s disciplinary procedures provide an effective deterrent to fraud and corruption; (25% answered ‘Don’t know’ to this question).

The full survey results can be found in Appendix 2.

A plan for proactive fraud work is being completed as part of the Internal Audit plan for 2023/24. The focus of the work within this plan will relate to the use of our own data matching systems alongside data matching that has already been produced by the National Fraud Initiative. Audit will also continue its own ongoing review of duplicate payments using data matching.

In addition, when planning individual internal audit assignments, the controls relating to the prevention of fraud are subject to risk assessment and if appropriate the effectiveness of their operation will be tested.

### Preventing and detecting fraud

We continue to undertake monthly reviews of Council Tax single residency discounts. Each month every liability with a single residency discount (SRD) is checked against credit reference agency data to identify households that may have more than one adult resident and enquiries are made with those individuals where the data indicates a change. By identifying changes on a monthly basis, this enables the Council to quickly remove any SRD’s that are no longer appropriate, maximising the amount of Council Tax available for collection.

In 2023/4 to date, we have taken the following action:

Summary	Values
Number of review letters sent	270
Number of reminders sent	73
Number returned	199
Number returned with no change reported	159

Number of changes reported	53
Number of single residency discounts removed	53
Value of discounts removed	£10,669

Final figures for the 2022/23 exercise are now available and show that the review identified and removed 136 SRD's that were no longer appropriate, resulting in an additional £51,935 in Council Tax available for collection.

<b>2022/2023 Summary</b>	<b>Values</b>
Number of review letters sent	670
Number of reminders sent	226
Number returned	601
Number returned with no change reported	441
Number of changes reported	180
Number of single residency discounts removed	136
Value of discounts removed	£51,935

We continue to conduct Investigations based on referrals received from members of the public or internal sources. So far in 2023/24 we have completed the following investigations:

Council Tax Discount investigations	23
Increase in Council Tax available for collection	£9,858
Backdated liability available for collection	£13,615
Council Tax Support investigations	5
Reduction in Council Tax Support payable	£1,875
Additional Council Tax Support recoverable	£7,295

As part of its audit plan, Internal Audit is carrying out some specific proactive fraud work reviewing the controls in place for specific areas of risk, and where appropriate, carrying out substantive testing to establish the effectiveness of the controls and identify any unusual transactions. Work is currently ongoing in relation to expenses, declaration of interests and their links to payments made via the creditor system, as well as audits of establishments which receive income from the sale of goods.

All of this work is currently in progress at the time of writing of this report. An audit of the Gifts and Hospitality system will be completed in late 2023.

### Pursue - Being stronger in punishing fraud and recovering losses

All losses identified (including those identified from reviews of single residency discounts) are pursued in line with the Council's debt recovery strategy.

All appropriate cases are considered for prosecution in line with the Council's policy on prosecution, taking into consideration both the evidential and public interest tests in the Code for Crown Prosecutors.

### Protect

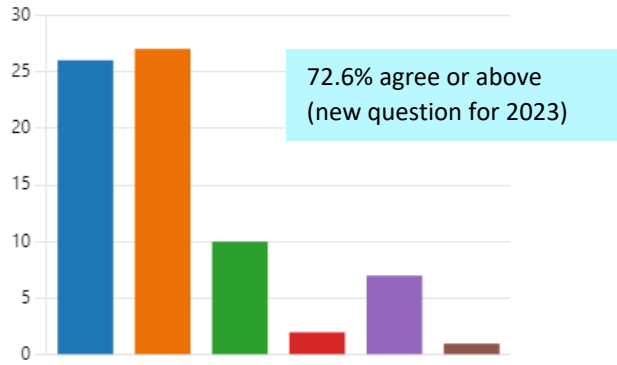
The actions outlined above provide a robust response to the risk of fraud occurring, its detection and investigation. They enable the council to protect itself from fraud and the harm fraud can cause, both to the council and to the residents of North Lincolnshire.

# Appendix 2

1. I am aware of the fraud e-learning modules that were released at the end of 2022.

[More Details](#)

● Strongly Agree	26
● Agree	27
● Disagree	10
● Strongly Disagree	2
● Don't Know	7
● Not Applicable	1

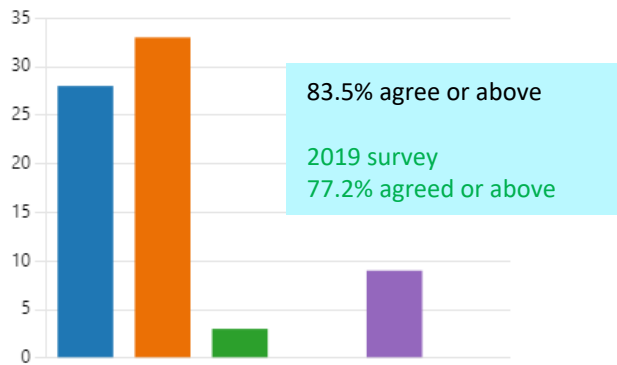


2. The Council has made clear its commitment to fight fraud and corruption.

[More Details](#)

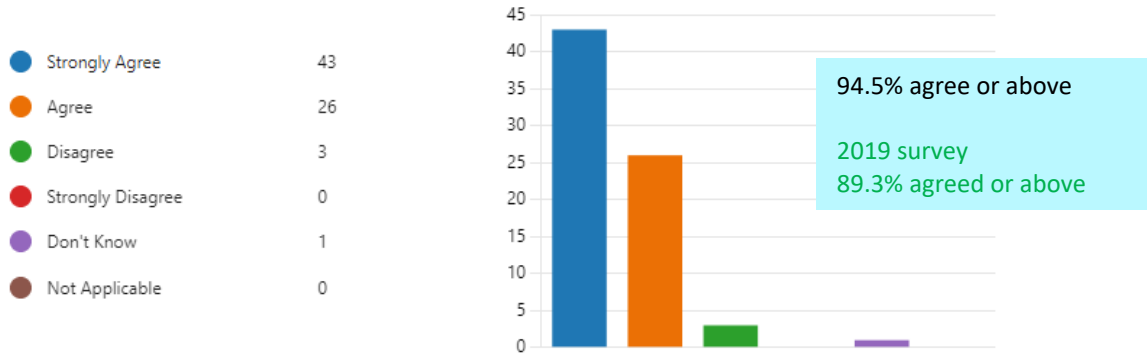
[Insights](#)

● Strongly Agree	28
● Agree	33
● Disagree	3
● Strongly Disagree	0
● Don't Know	9
● Not Applicable	0



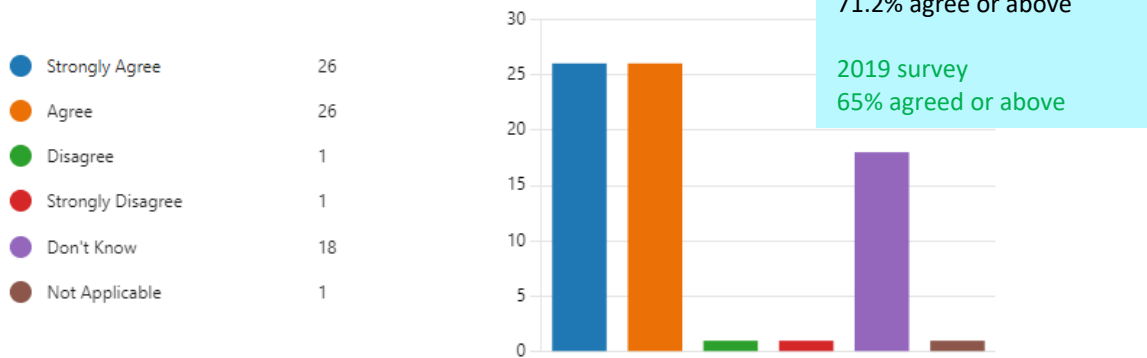
3. I am aware of my personal responsibilities and conduct in respect of fighting fraud and corruption.

[More Details](#)



4. I believe that internal controls - including proper segregation of duties exist.

[More Details](#)

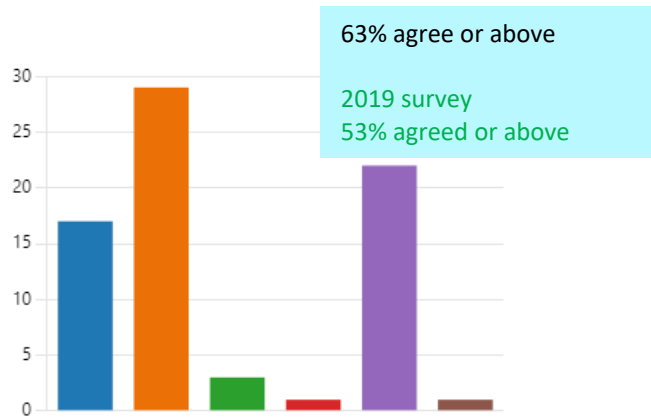




5. I believe that these internal controls work effectively.

[More Details](#)

● Strongly Agree	17
● Agree	29
● Disagree	3
● Strongly Disagree	1
● Don't Know	22
● Not Applicable	1

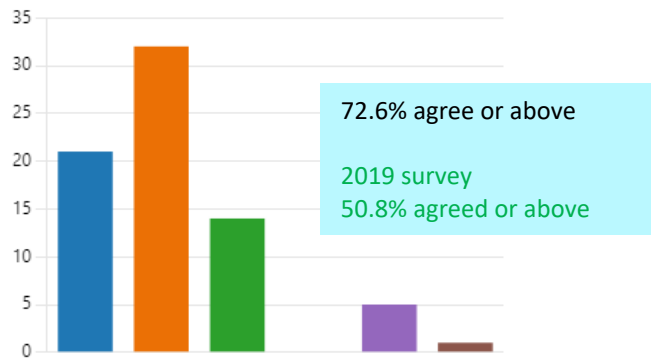


6. I am aware of the Council's anti-fraud and corruption strategy.

[More Details](#)

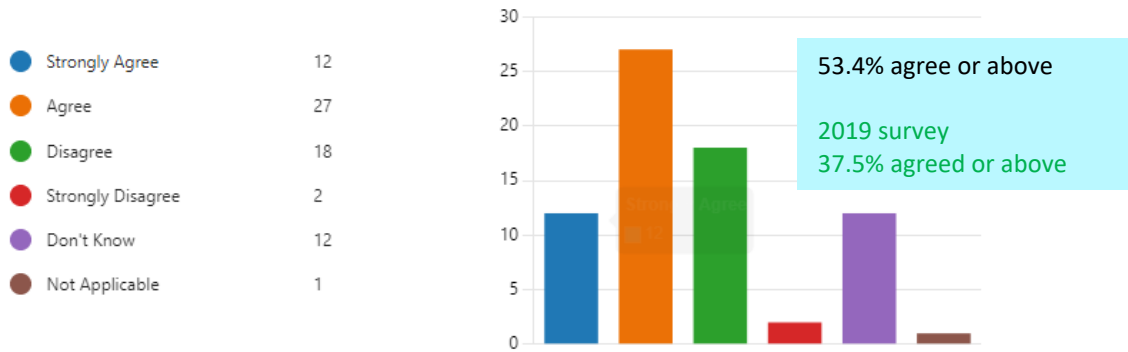
[Insights](#)

● Strongly Agree	21
● Agree	32
● Disagree	14
● Strongly Disagree	0
● Don't Know	5
● Not Applicable	1



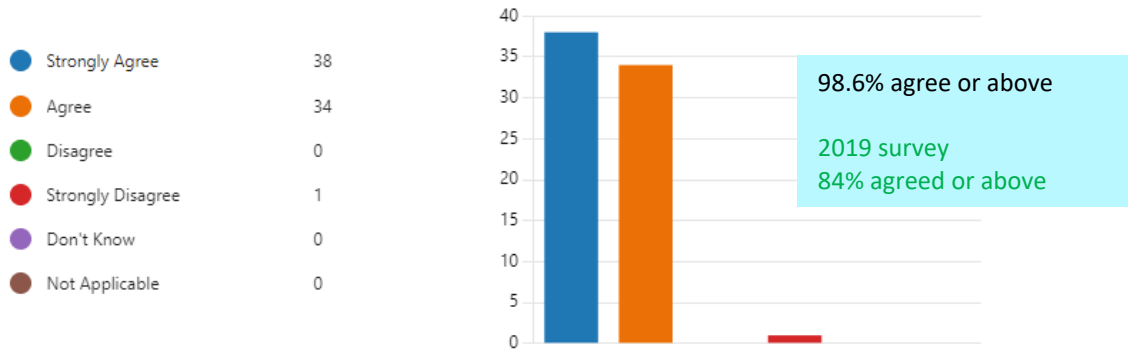
7. I am aware of the arrangements the Council has in place to deal with allegations of Money Laundering.

[More Details](#)



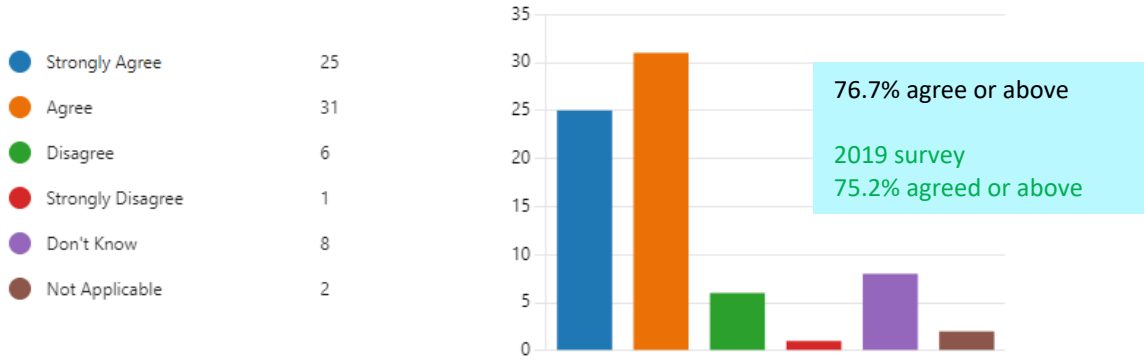
8. I am aware of my personal responsibilities under the Bribery Act 2010.

[More Details](#)



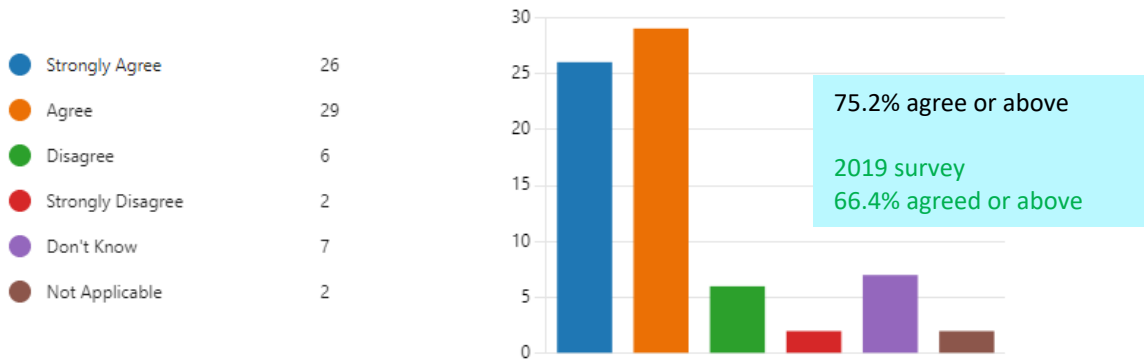
9. I am aware of the Council's Reporting a Concern Policy and how to report a suspected instance of maladministration.

[More Details](#)



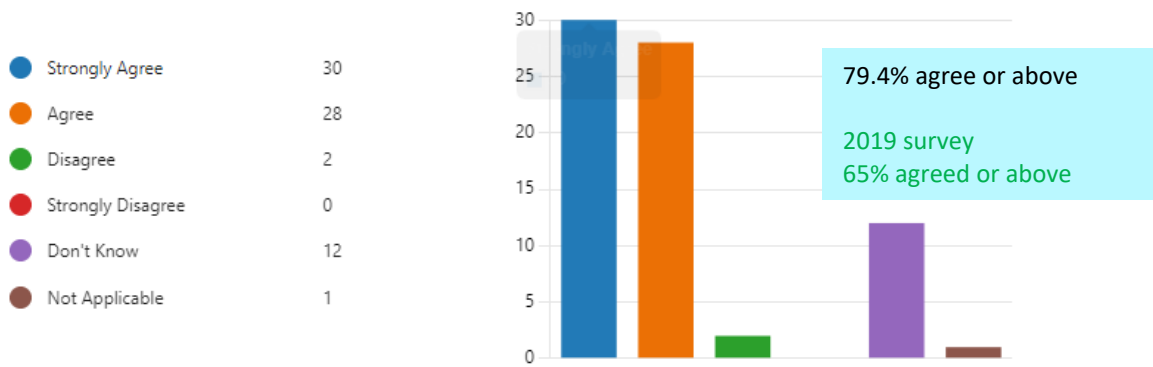
10. I would feel confident in reporting and expressing concerns regarding a suspected instance of maladministration under the Council's Reporting a Concern Policy.

[More Details](#)



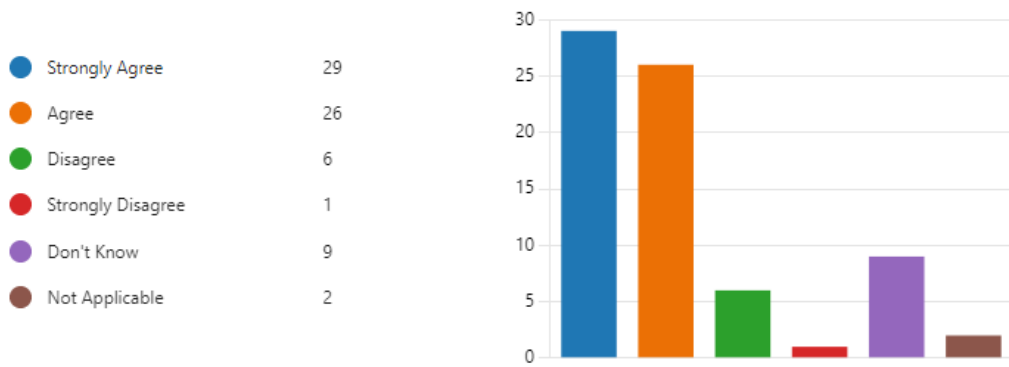
11. I believe that my concern would be dealt with in the strictest confidence.

[More Details](#)



12. I am aware of the circumstances in which I would need to make a declaration of interest and I am reminded periodically of the need to record such interests.

[More Details](#)



75.3% agree or above

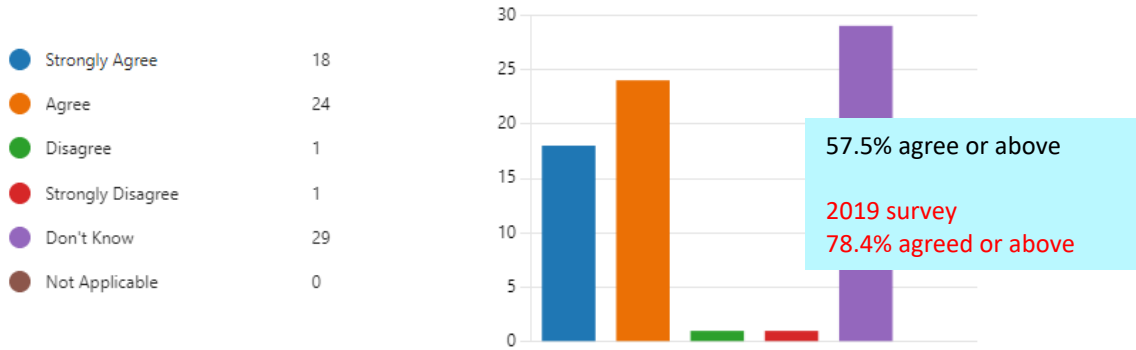
In 2019 this was asked as two separate questions

'I am aware when I would need to declare an interest'  
77.6% agreed or above

'Periodic Reminders'  
48.7% agreed or above

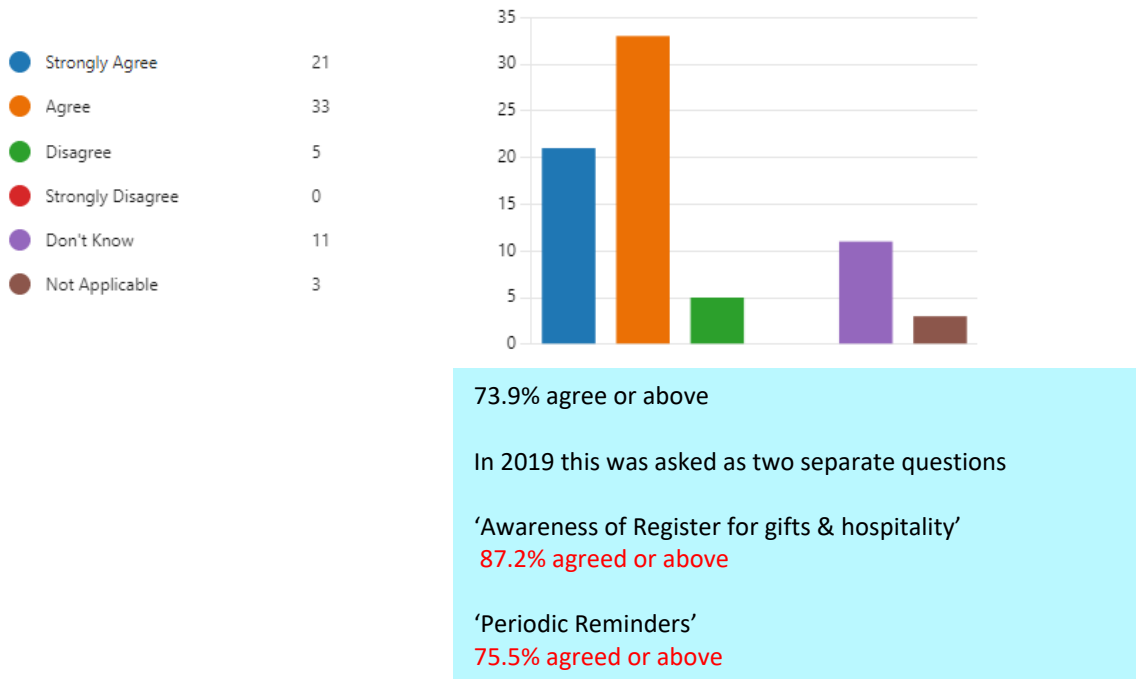
13. A register is kept to record any interests which may impair the impartiality of Council staff.

[More Details](#)



14. A register is kept to record the receipt and offering of hospitality and gifts and I am reminded periodically of the need to record such hospitality and gifts.

[More Details](#)



15. The Council's disciplinary procedures provide an effective deterrent to fraud and corruption.

[More Details](#)

Strongly Agree	19
Agree	35
Disagree	0
Strongly Disagree	0
Don't Know	18
Not Applicable	1

