



devon**audit**partnership

Counter Fraud Services

Counter Fraud Services

Annual Report 2020 - 2021

Plymouth City Council
Audit & Governance
Committee

Date June 2021

CUSTOMER
SERVICE
EXCELLENCE



Support, Assurance & Innovation

1. Introduction

- 1.1 Counter Fraud work has continued throughout 2020/21, working practices and the working environment has changed and new ways of working have been established at pace as has been the case in most areas of Local Government and beyond. The Counter Fraud Services Team (CFST) have continued to support Plymouth City Council through a very testing and turbulent period and will continue to do so.
- 1.2 It is now generally accepted that there has been a general upturn in fraudulent activity during the current crisis and that fraudsters have adapted very quickly to take advantage of the ongoing pressures on public bodies. However due to the nature of fraud remaining by and large a hidden crime it may still be some time before the full extent of loss to the UK economy and Local Government in particular is recognised.
- 1.3 This report details what has been done to assist Plymouth City Council over the past year in preventing, detecting and countering the fraud threat in all areas of Council business, including supporting the roll out of COVID Grants.

2. Fraud Prevention and Detection

- 2.1 Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. The data submission for the latest 2020/21 exercise has now been completed and relevant and involved Departments will be reviewing their results in order to prevent and or detect any fraud or error in Council records. Results will come in as these records are checked and analysed over the coming months.
- 2.2 PCC datasets matched against the NFI
- Council Tax,
 - Creditor Payments,
 - Housing Benefits,
 - Payroll / Pensions,
 - Housing Waiting Lists,
 - Licencing (including taxi licences and personal alcohol licences)
 - Market Traders, and
 - Transport Passes (including blue badges and concessionary bus passes)
 - Covid 19 Grants
- 2.3 Our Devon Audit Partnership colleagues are supporting the Council in the administration of this bi annual event and will pass on any suspected or identified fraud activity to the CFST.
- 2.5 Irregularities – DAP have provided PCC management with a range of advice and support on courses of action and or improvements to controls on relevant internal matters. Audit and Counter Fraud disciplines are now working closer than ever to provide an increasingly high a level of assurance and service across the piece.
- 2.6 The statistics for the 20/21 continue to show that there are consistent savings to be made by countering fraud. There have been a total of 362 allegations of fraud made resulting in a savings figure of £577,586.26 (this does not include the figures at 3.5) realised at 31st March 2021. The team continue to investigate 162 fraud allegations for Plymouth City Council.

2.7 Plymouth City Council successfully prosecuted 8 individuals for fraud and related offences and a further 23 formal sanctions were applied to offenders during 20/21. This figure is substantially reduced on the previous year's levels as normal investigation and sanction processes have been curtailed by not being able to physically interact with suspects. The risk to health outweighed the necessity to formalise a sanction against individuals and these investigations are awaiting the relaxation of C19 restrictions at which point they will be actioned appropriately. Where dishonesty (all fraud) offences are involved it is almost impossible to establish criminality beyond 'reasonable doubt' without interviewing the suspect under caution. As a result investigators time was diverted to strengthening prevention work as detailed in item 3 in this document.

2.8 One of our Accredited Counter Fraud Specialists has remained the Chairperson for the local Devon Tenancy Fraud Forum and also sits on the Executive panel of the National Tenancy Fraud Forum to ensure the message around social housing fraud remains high on the local and national agenda going forward.

3. Fraud investigations and COVID Restrictions

3.1 The COVID situation over the 20/21 financial year and accompanying Government Guidance meant that the CFST at DAP suspended formal interviews under caution, visits to witnesses, suspects and suspects workplaces. The safety of the public and staff was considered paramount and those suspected of fraud will be interviewed appropriately once it is considered safe and sensible to do so. It is worth stressing the point that suspected perpetrators of alleged fraud are just that and that everyone is considered innocent until proven guilty. Therefore the risk of serious illness or even death outweighed the need to establish truth immediately as there is no time bar (limit) on fraud or dishonesty offences and these will be dealt with post COVID 19 restrictions.

3.2 Where fraud was suspected corrective action was applied to stop any further potential for loss and relevant Departments were informed. Evidence gathering has continued where appropriate and this evidence will be put to suspects at their Interview Under Caution in due course.

3.3 Due to the restrictions it was decided to utilise time normally spent on the above activities to review information already available and held by the Council which is regularly supplied to the National Fraud Initiative referenced in Section 2 of this report.

3.4 Preventing fraud from taking place is more effective than reacting to it. Proactive investigation can allow us to stop frauds from escalating and ultimately increasing the cost to the public. The data review utilised data analytics programmes to manipulate data resulting in data sets that mismatch against other data sets.

3.5 As a direct result of these interventions a total of 1033 records were found to require further investigation. Of these 635 instances required corrective action, resulting in identifiable savings of £391,842.84. (Cabinet Office savings figures applied to result)

4. Areas of current fraud investigations

4.1 As part of its ongoing commitment to countering fraud in Plymouth, the Counter Fraud Services Team continues to undertake investigations in the following areas:

- Internal cases
- COVID 19 Grant Fraud
- Council Tax Support / Single Person Discount

- Blue Badge misuse
- Social Housing Fraud (involving our partner Registered Social Landlords)
- Client Financial Fraud (Special guardianship)
- Bus pass misuse
- Parking Permit selling
- Disabled Facilities Grants

4.2 The Counter Fraud Services Team will continue to work closely Audit colleagues and all PCC departments to ensure that fraud risks are minimised and wherever possible, those found committing offences are dealt with robustly and in line with PCC's Policies.

5. COVID19 Grant Assurance.

5.1 Throughout this period the CFST have ensured that all staff are regularly updated with 'fraud alerts' from the National Anti-Fraud Network (NAFN), as and when new types of fraud became apparent. This allowed the Council to check and adjust its assurance levels dynamically in the 'roll out' of the Grant Schemes.

5.2 The CFST have the following cases which have either been investigated or remain under investigation in respect of COVID 19 Grants. These investigations are held in the CFST's dedicated fraud case management system and national agencies have been informed as required.

5.3 All cases are investigated by an Accredited Counter Fraud Specialist and where an allegation of fraud is evidenced a criminal case file will be created with a recommendation for sanction. This file will be supplied to the Counter Fraud Services Manager who will then consult the 151 Officer on all COVID 19 Grant frauds in respect of a final decision on the case and whether to prosecute the individual concerned. No Grant Fraud investigations are yet at a point where this consultation is required.

5.4 Cases with the CFST – Includes all cases so far referred from all sources.

- Cases with a value of £30k (Potential Money Laundering Investigations with D&C Police) this does not mean that the Grant was paid incorrectly by PCC.
- 2 cases with a value of £20k refused payment after being investigated by the CFST.
- Cases with value of £90k currently under criminal investigation by the CFST.
- 9 cases with a value of £90k where investigation completed as No Further Action (as payment was confirmed as legitimate)

5.5 A full record of all investigations is and will be retained for Audit purposes.

5.6 Where recommendations are made to change or improve processes the DAP CFST may decide to inform their colleagues in Audit, the Non Domestic Rates Manager and the 151 Officer accordingly where appropriate to do so.

5.7 The Counter Fraud Services Team Manager (DAP) has regularly supplied the Assurance Report Returns to the Department for Business, Energy & Industrial Strategy (BEIS) on a monthly basis, this information is collated and supplied by the Principal Technical Accountant, Financial Planning and Reporting. All reports have been accepted and the current 'Post Event Assurance Plan' is being considered by BEIS.

5.8 The CFST will continue to support PCC in the investigation and or sanction of offenders in relation to criminality concerning the application for and subsequent payment of any C19 Grant related frauds.

5.9 An extra 200 payments were voluntarily sampled during a recent audit by DAP colleagues to provide further assurance for the Council in line with Post Event Assurance. The Counter Fraud Team supported our Audit colleagues in the processing of these checks and balances to produce the Audit report.

6. COVID related fraud general

6.1 As the COVID pandemic took hold and more and more of us worked from home where we could, fraudsters adapted and ramped up attacks on emails, texts, social media and phone calls. Some known examples are listed below and awareness alerts have been sent out on a regular basis to warn staff, and customers to use extra vigilance.

- **Breached stay home regulations scam**, fraudulent text messages from.GOV.UK issuing fines for leaving home.
- **Free school meals scam**, fraudulent messages to parents entitled to free school meals requesting bank details.
- **CDC Fraud**, fraudsters purporting to be from a research group that mimic the Centre for Disease Control and Prevention (CDC) and World Health Organisation (WHO). They claim to provide the victim with a list of active infections in their area but to access this information the victim needs to either: click on a link which redirects them to a credential-stealing page; or make a donation of support in the form of a payment into a Bitcoin account.
- **COVID19 Newsletter Fraud**, fraudsters providing articles about the virus outbreak with a link to a fake company website where victims are encouraged to click to subscribe to a daily newsletter for further updates.
- **Investment scheme** and trading advice encouraging people to take advantage of the coronavirus downturn.
- **HMRC** offering a tax refund and directing victims to a fake website to harvest their personal and financial details. The emails often display the HMRC logo making it look reasonably genuine and convincing. We have also had reports of people receiving similar text messages.
- **Online Shopping and Auction Fraud** – more people at home socially distancing increases the number of people online shopping through necessity but also the fact they have more time on their hands to browse the internet.
- **Computer Software Service Fraud** – more people working from home will increase demand on IT systems causing slower responses and making some scripts seem more believable.
- **Lender Loan Fraud** – there are already media reports circulating about parents concerned that they may not be able to feed their children if they are not at school and those who will be made redundant or self-employed receiving a much reduced income with potentially the same or increased living costs. This may mean people look to quick loans to see them through.
- **Mandate Fraud** – with more people working at home, it may be easier for fraudsters to impersonate senior decision makers, with seemingly valid reasons why they

cannot be contacted, and request a change in direct debit or standing order payments.

- **Investment Fraud including Pension Liberation Fraud** – fraudsters could take the opportunity to create bogus investments in commodities in high demand, for example oxygen, and if people are worried that they might not have enough money to see them through this financially uncertain time, they may be more prepared to invest.
- **Pet Fraud** – This is mainly aimed at the dog and cat, pet sales. Pets are advertised online for sale and a sizable deposit is required to secure the puppy or kitten. There is no actual pet for sale and the vendor then breaks contact.
- **Staycation / Vacation Fraud** – Holiday lets advertised when there is no property to let and once again a sizable deposit is kept by the fake vendor.
- **Romance Fraud** – As lockdown took hold people have been isolated in their own homes and have looked for companionship online in numbers greatly increased from pre COVID levels. Many individuals have been conned into sending money or gifts to people they have never met and probably never will.
- **Vaccine Fraud** - Generally over the internet or social media, individuals are offering vaccines for sale, when the Government have made it absolutely clear you cannot buy vaccine. The NHS Counter Fraud Team is robustly countering these issues wherever they occur.

7. Where to get further and detailed advice?

7.1 Devon Audit Partnerships Counter Fraud Services Team regularly liaise with Government agencies and other Councils to ensure maximum security and to minimise fraud risks, below are some useful links to improve awareness of fraud. As a public facing document we take this opportunity to raise awareness not only across the Council but also for citizens.

- [Scamsmart](#),
- [ActionFraud](#),
- [CIFAS](#),
- [TakeFive](#),
- [Citizens Advice](#),
- [Trading Standards](#)
- [National Cyber Security Centre](#).
- [Fraud Advisory Panel](#)

8. What to do if you suspect a fraud?

8.1 Every agency that deals with fraud and associated crimes would rather hear about it even if it turns out to be a false alarm. Therefore if you if you **suspect it – report it**.

8.2 The National Crime Agency states that “The most robust figures currently available from the Crime Survey of England and Wales reveal there were 3.4 million incidents of fraud in 2016-17. However we think that fewer than 20 per cent of incidents of fraud are actually reported so the true figure may be much higher. This means that the scale of fraud is very significant, but that under-reporting also hampers our understanding of the threat.” It is therefore imperative that all suspected frauds are reported.

- Suspicious personal texts – Forward the text to **7726** (this is a free service)
- Suspicious personal emails - report@phishing.gov.uk
- If you have personally been a victim of fraud report it to [ActionFraud](#),
- If you think your personal device has been hacked call **0300 123 2040**
- Suspicious work emails or texts or computer issues – Report via DELT on **01752 304424** or phishing@deltaservices.co.uk
- If you suspect any fraud against Plymouth City Council, a full contact list for [DAP Counter Fraud Services](#) is available in Appendix A

9. Conclusion

9.1 At a time of extreme difficulty for many of the most vulnerable in our society it is to be commended that Plymouth continues to lead the way in many aspects of countering fraud in local government. It is imperative that Plymouth remains committed to this path to ensure that public funds are not lost to fraudsters so that the money can be spent where it is most needed.

9.2 Plymouth City Council has now made provable accumulated savings over the past 6 years in cashable and non-cashable savings of £6,788,924.84 by countering fraud in all areas of its business.

9.3 It is clear that Plymouth is working towards fully complying with the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#) by ensuring that the Council has the correct 'Governance' in place to enable it to 'Acknowledge', 'Prevent', Pursue and 'Protect' its citizens against fraud to the best of its ability. (The recommended 5 pillars of the strategy).

9.4 Local authorities have faced many stresses and demands on their services over the past year and Plymouth has adapted quickly and robustly in response to changing fraud threats. DAP is committed to assisting the Council in retaining its status as a leading light in the South West and nationally in the fight against fraud.

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To see our full range of services click [here](#)

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Appendix A

Devon Counter Fraud Services Contacts

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Tenancy Fraud referral email address			socialhousingfraud@plymouth.gov.uk
Fraud Telephone referrals		01752 304450	