

23 November 2017		ITEM: 10
Standards and Audit Committee		
Counter Fraud & Investigation Quarterly Status Report		
Wards and communities affected: All		Key Decision: N/A
Report of: David Kleinberg, Group Manager Counter Fraud & Investigation		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		

Executive Summary

The Counter Fraud & Investigation Department (CFID) delivers the council's strategy to prevent, detect and deter all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

The CFID success has grown and has been recognised both nationally and internationally as the leading local authority fraud service in tackling fraud and corruption.

This report outlines work being conducted by CFID to deliver the annual work plan and strategy for countering fraud and economic crime as well the outcomes achieved in the investigations into identified criminality.

1. Recommendation(s)

- 1.1 The Audit Committee notes the performance of the Counter Fraud & Investigation Department over the last quarter.**
- 1.2 The Audit Committee comments on the new Counter-Fraud, Bribery & Corruption Guidance shown at Appendix 1.**
- 1.3 The Audit Committee comments on the new Counter-Money Laundering Guidance shown at Appendix 2.**

2. Introduction & Background

- 2.1 This report outlines the work undertaken by the CFID throughout Q2 2017 to deliver the annual work plan and strategy.**

- 2.2 Part of the programme of work is to regularly review the policies and procedures from within the council to ensure that it can prevent, detect and deter fraud and other economic crime.
- 2.3 The current Counter Fraud & Corruption and the Money Laundering Policies were approved in 2014. These have now been reviewed in conjunction with key stakeholders and revised guidance can be seen at **Appendix 1** and **Appendix 2**.
- 2.4 Both sets of guidance have been redrafted considering the current threat assessment and changes to legislation including the '4th Money Laundering Directive' which became law in June 17.
- 2.5 The focus with both policies was to ensure that, what can be a complex area of law, is easy to understand as well as enhance the understanding of what the council does with instances of suspected fraud and economic crime.

3. Performance – Q2 2017

- 3.1 The Counter Fraud & Investigation Department (CFID) has made good progress in delivering the 2016/17 counter fraud work plan over the second quarter of 2017.
- 3.2 In Q2 2017 the CFID received
- 221 new reports of suspected fraud
 - 8 of those cases have been closed as 'no fraud'
 - 44 new investigations have been opened are still being conducted
 - 169 reports are held as intelligence and under constant review/development
- 3.3 Ongoing investigations
- 88 ongoing investigations (those started before Q2 2017)
- 3.4 Sanctions
- 28 sanctions have been delivered in cases of proven fraud.

4. Reasons for Recommendation

- 4.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council and how it is reducing fraud under the council's counter-fraud strategy.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 All Directors and Assistant Directors were consulted with the new draft policies as well as the Unions and Diversity for the Council's in its counter-fraud approach.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Work undertaken by to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities supporting corporate governance.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

There are no financial implications contained in this report.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer, Deputy Head of Legal Services

The Accounts and Audit (England) Regulations 2015 section 4 (2) require that:

The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.

This proactive and investigative work undertaken by the Directorate as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

There are no implications related to this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None.

9. **Appendices to the report**

- Appendix 1 – Counter Fraud, Bribery and Corruption Policy
- Appendix 2 – Counter Money Laundering Policy

Report Author:

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Counter Fraud & Investigation