

15 November 2016		ITEM: 10
Standards & Audit Committee		
Counter Fraud & Investigation Update Report		
Wards and communities affected: All	Key Decision: N/A	
Report of: Daniel Helps, Investigation Manager, Counter Fraud & Investigation		
Accountable Head of Service:		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		
Date of notice given of exempt or confidential report: N/A		

Executive Summary

The Counter Fraud & Investigation Directorate (CFID) was formed in 2015 and is now operational with the sole responsibility 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 has developed working arrangements with other agencies to further the Council's anti-fraud culture and share best practice.

The CFID success has grown and has been recognised nationally as the leading Local Authority fraud service and as a model for the approach to tackling fraud and corruption.

Since the last report the department has successfully launched the Essex Fraud Partnership, bringing together other local authorities in the County as well as police, Home Office and Housing Providers to unify against fraud, safeguarding our residents.

1. Recommendation(s)

1.1 The Committee notes the performance of CFID

2. Introduction and Background

2.1 The new approach to tackling the effects of economic crime on the Council seeks to enhance the assurance over the system of controls but also ensures

consistency in the Council's response to fraudulent activity committed against Council services.

- 2.2 The department collaboratively shares resources through the developed partnerships with the Ministry of Justice and Southend Borough Council. The new enlarged service brings additional benefits to the Council supported by a balanced and proportionate use of Proceeds of Crime Act to take redress.

3. Partnership Working and Performance

Partnership Working and Performance

- 3.1 CFID launched Operation Domus and the Essex Fraud Partnership at the Civic Offices which was well attended by senior management from the local authorities and housing providers from across Essex. Op Domus is the first tranche of the Essex Fraud Partnership and to seeks to increase the intelligence around the misuse of social housing in criminality, particularly vulnerable residents.
- 3.2 Speakers at the event included the Chief Executive of South Essex Homes and the Assistant Chief Constable of Essex Police and Sean Clark.
- 3.3 CFID continues to work in a partnership with Southend Borough Council. Processes are now well established to ensure that all reports of fraud for all the partners are routed via the Intelligence Team in CFID. Some notable successes in this partnership have been seen in detecting social care, housing and council tax discount fraud. Some of these fraud types had not previously been detected.
 - 3.3.1 CFID continues to work with the Ministry of Justice in relation to large complex fraud investigation where CFID are the lead investigating agency, supporting the council's leading approach to reducing the costs of fraud on the public purse.
 - 3.3.2 CFID is now providing a full counter fraud service to Castle Point Council. A member of CFID is allocated to work at the Castle Point offices. CFID have already actioned a number of referrals received from Castle Point. CFID are also reviewing policies that relates to fraud, whistle blowing and other relevant areas. Feedback received from the Executive Director at Castle Point has been very complimentary
 - 3.3.3 CFID provide support to Poplar HARCA housing association in London to reduce the impact of fraud on their social housing stock. This has been extremely successful with an increase in fraud detection rates and a drop in costs for Poplar HARCA where they do no longer have to use civil court procedures to recover losses due to the input of CFID. A number of investigations are currently coming to a conclusion in the criminal courts.

3.3.4 CFID are now supporting Police forces around the UK providing specialist support to their operations, this includes a digital forensic examination function which is being provided by CFID to the Essex & Kent Police Serious Crime Directorate.

Corporate Counter Fraud Delivery

- 3.4 CFID continues to receive a steady flow of fraud reports relating to Thurrock Council. A number of these reports, including high profile cases, are now at the court stage and therefore cannot be reported further.
- 3.5 CFID is now working with other services areas to provide expert guidance and assistance in relation to suspected crimes. This includes Planning Enforcement, where an agreement is in place that once a planning contravention becomes a criminal active CFID will be engaged to ensure that best evidence is obtained and a positive outcome achieved.
- 3.6 CFID is working with the new Housing Enforcement manager to look at new criminal offences that relates to the private rented sector. CFID have offered the same support as detailed in 3.1.6 and have offered to deliver training on achieving best evidence by take full contemporaneous notes.
- 3.7 **Appendix 1** outlines the flow of reports of fraud into the department and the progression of that work and outcomes.
- 3.8 **Appendix 2** outlines the recovery of money from criminals by the department using the Proceeds of Crime Act 2002 and other court compensation order routes.

Counter Fraud & Investigation Future

- 3.9 CFID has entered a period of consultation to restructure its teams as the fraud threat changes. The restructure aims to enhance its intelligence and cyber forensics capability so that it is best placed to provide services to the Council and partners in the future. It is anticipated that CFID will be split into dedicated management reporting lines to ensure effectiveness to all areas that CFID serve.

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 anti-fraud strategy.

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

- 5.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-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 – Flow of Fraud Reports into the Department and outcomes
Appendix 2 – Redress against criminals under Proceeds of Crime Act

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Counter Fraud & Investigation