

27 September 2018		ITEM: 6
Standards & Audit Committee		
Counter Fraud & Investigation Quarterly Update		
Wards and communities affected: All	Key Decision: N/A	
Report of: David Kleinberg, Assistant Director for Fraud & Investigation		
Accountable Assistant Director: David Kleinberg, Assistant Director for Fraud & Investigation		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		

Executive Summary

The Counter Fraud & Investigation Department (CFID) is responsible for the prevention, detection and deterrence of all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

CFID has developed working arrangements with other agencies to share the Council's counter-fraud culture providing specialist support and capabilities to those public bodies where necessary.

This report outlines the performance of CFID over the last quarter for Thurrock Council as a whole as well as the work the team have delivered nationally for other public bodies.

1. Recommendation

1.1 The Audit Committee notes the performance of the Counter Fraud & Investigation Department.

2. Introduction & Background

2.1 The Counter Fraud & Investigation Department's (CFID) leads the council's work to reduce loss to the council from fraud and economic crime. This work is delivered through its proactive Work Plan and its response to reports of suspected fraud reported by internal departments, other agencies and the public. This report updates the committee on that work since July 2018.

2.2 The CFID service also supports other councils, police forces and government departments also requiring assistance in preventing, detecting and deterring fraud and economic crime.

3. Performance

3.1 CFID has made good progress in delivering the 2018/19 counter fraud work plan over the last year.

- 136 reports of suspected fraud have been received
- 4 of those cases have been closed as 'no fraud'
- 162 reports are currently under investigation
- 93 reports are being held as intelligence reports under constant review
- 37 number of intelligence reports have been disseminated
- 22 sanctions have been delivered in cases of proven fraud

3.2 The reports provided to the committee this year have been amended to include additional information to demonstrate the entire work of the service. This includes 'intelligence reports' and 'intelligence disseminated.'

3.3 Intelligence reports – is information received by the team of suspected fraud but is limited in being able to identify an offender or other supporting information. These reports are assessed and kept under constant review in order that any correlative or new information is matched up.

3.4 Intelligence disseminated – these reports are where CFID have provided information to service areas, about known or suspected criminality, in order to prevent crime and stop criminal attacks on the council. Recent examples have included Mandate Fraud – where a criminal mimics a 'well known' supplier and attempts to change the suppliers bank details at the council to receive money fraudulently.

4. Work Plan for 2018/19

4.1 CFID has a programme of proactive work it conducts to ensure the council's posture against fraud is robust and effective. **Appendix A** sets out the progress made in delivering the proactive work programme this year.

4.2 The work programme is a working document and if during the year changes or additions to the plan are proposed between the CFID and the Section 151 Officer, these will be brought back to the Committee.

5. National Counter Fraud Activity

5.1 CFID has been asked to present at the National Anti-Fraud Network (known as NAFN.gov Data & Intelligence) national conference in October 2018. CFID will be delivering a training session on 'Disclosure' undertaken by investigation agencies following the Criminal Procedures and Investigations

Act 1996. Members of the committee may be aware of the recent high-profile press coverage on failures in the 'disclosure' process in criminal prosecutions. Hundreds of prosecutions across England & Wales have collapsed where the 'disclosure' process has failed. CFID is recognised as a leader in getting the disclosure process right particularly in the complicated area of fraud prosecutions. None of CFID's prosecutions have been affected by this issue in policing and government prosecutions.

- 5.2 The training the unit is delivering follows the successful investigation CFID conducted into the £4m fraud committed against the Legal Aid Agency. The case was prosecuted by the Crown Prosecution Service – Serious Fraud Division, but investigated throughout by the CFID. The senior CPS lawyers and Queen's Counsel recognised the advanced disclosure practice followed by CFID that led to successful convictions and 6.5 years of custodial sentences handed down to the offenders.

6. Reasons for Recommendation

- 6.1 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.

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

- 7.1 All Directors and Heads of Service were consulted with the current strategy to be taken by the Council in its counter-fraud approach.

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

- 8.1 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 good corporate governance.

9. Implications

9.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager – Management Accountant

The report provides an update on current performance. There are no financial implications arising directly from the recommendation in this report.

9.2 Legal

Implications verified by: **David Lawson**
**Monitoring Officer, Assistant Director for
Legal & Governance**

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 department as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

9.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Development Officer

There are no specific equality and diversity implications arising from this update report.

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

None.

10. 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):

Counter Fraud & Investigation Policy & Strategy – thurrock.gov.uk/fraud
Counter Money Laundering Policy & Strategy – thurrock.gov.uk/fraud
CroweClarkWhitehill Annual Fraud Indicator – crowe.co.uk

11. Appendices to the report

Appendix 1 – Pro-active Work Plan

Report Author:

Daniel Helps, Senior Manager
Counter Fraud & Investigation