

13 December 2018		ITEM: 9
Standards and Audit Committee		
Counter Fraud and Investigation Quarterly Update		
Wards and communities affected: All	Key Decision: Non-key	
Report of: David Kleinberg, Assistant Director for Fraud and Investigation		
Accountable Assistant Director: David Kleinberg, Assistant Director for Fraud and 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 Committee notes the performance of the Counter Fraud & Investigation Department.

2. Introduction & Background

2.1 The Counter Fraud & Investigation Department (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 in response to reports of suspected fraud reported by internal departments, other agencies and the public. This report updates the committee on the progress of that work since September 2018.

2.2 The CFID service also supports other councils, police forces and government departments requiring assistance in preventing, detecting and deterring fraud and economic crime against them. This activity is on a public – to – public model with partner agencies reimbursing Thurrock Council for that work.

3. Performance

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

- 215 reports of suspected fraud have been received
- 17 of those cases have been closed as 'no fraud'
- 158 reports are currently under investigation
- 83 reports are being held as intelligence reports under constant review
- 56 number of intelligence reports have been disseminated
- 31 sanctions have been delivered in cases of proven fraud

3.2 Reports are produced monthly to the section 151 Officer (Director of Finance & IT) and the Assistant Director of Legal Services detailing live investigations.

3.3 Services are updated where investigations take place in their area. In cases where specific risks are identified the relevant director is briefed immediately and continually updated with the progress of any investigations.

3.4 The Internal Audit Service is also informed to ensure that control weaknesses are identified and remediated to protect the council.

4. Work Plan for 2018/19

4.1 CFID conducts targeted proactive work across the organisation 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 operating in its current form since 2014, following the award of grant monies from the then-Department for Communities & Local Government 'Counter Fraud Fund' programme.

5.2 Following the conclusion of that project CIPFA Auditors appointed on behalf of the MHCLG to review the progress made in the Counter Fraud Fund programme, visited Thurrock. It was reported in that audit that 58 councils who were awarded a portion of the £16m in that programme detected £100m. The auditors from CIPFA identified that the work of CFID detected £26.2m of the entire £100m figure.

- 5.3 Following the success of that project Thurrock has been supported by government in rebranding its national activity for other agencies as the 'National Investigation Service.'
- 5.4 The new National Investigation Service function will be co-locating and joining forces with the police 'Regional Organised Crime Unit' network, supported by the Eastern Region Special Operations Unit (ERSOU). This unique and innovative collaboration is the first of its kind in the UK.
- 5.5 The National Investigation Service, being hosted at Thurrock with ERSOU, will ensure Thurrock Council is at the forefront of fighting fraud and economic crime with the best possible resources to protect the public being located and available in Thurrock.

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: **Jonathan Wilson**
Assistant Director of Finance

The financial implications are set out in the report. The prevention and detection of fraud protects the financial resources of the Council to support the wider delivery of corporate priorities.

9.2 Legal

Implications verified by: **David Lawson**

Monitoring Officer, Assistant Director of Law and 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: **Rebecca Price**
Team Manager, Community Development & Equalities

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 A – Counter Fraud & Investigation Counter Fraud Proactive Work Plan

Report Author:

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