

<b>18 July 2019</b>		<b>ITEM: 10</b>
<b>Standards &amp; Audit Committee</b>		
<b>Counter Fraud &amp; Investigation Annual Report &amp; Strategy</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A	
<b>Report of:</b> David Kleinberg, Assistant Director for Fraud & Investigation		
<b>Accountable Assistant Director:</b> David Kleinberg, Assistant Director for Fraud & Investigation		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is</b> Public		
<b>Date of notice given of exempt or confidential report:</b> N/A		

## **Executive Summary**

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

Over the last year the team has detected £3.4m of fraud, recovering £941,155. This demonstrates that for every £1 spent on the service it detects £2 in fraud.

This report outlines the performance of CFID over the last year as well as the council's strategy to tackle fraud in 2019/20.

### **1. Recommendations**

- 1.1 The Standards and Audit Committee notes the performance of the Counter Fraud & Investigation team over the last year.**
- 1.2 The Standards and Audit Committee agrees the Counter Fraud & Investigation strategy and work programme for 2019/20.**

### **2. Introduction & Background**

- 2.1** Thurrock Council changed its approach to tackling fraud and economic crime in 2014, receiving support from the government to restructure its service, implementing specialist disciplines including Digital Forensics, Cyber Crime Unit, advanced Intelligence Analytics and a proactive operational capability.

- 2.2 The function has not only helped Thurrock detect £11m in those 5-years but also supported another 44 public authorities deal with the most serious and organised crime. In 2018 the team was recognised by the Ministry of Housing Communities and Local Government for its success in the national 'Counter Fraud Fund Programme' with its work detecting £26.2m of the entire £100m detected by the other 58 local authorities in England & Wales.
- 2.3 Due to the success of the service in tackling serious and organised crime affecting local government across the country it received government support to launch the 'National Investigation Service.' Known as 'NATIS' this ring-fenced part of the council works hand-in-hand with the police regional organised crime units to tackle serious & organised economic crime including cyber crime. Appendix 1 outlines the background to the service

### 3. Performance

- 3.1 CFID has made good progress in delivering the 2018/19 counter fraud work plan over the last year:
- 142 reports of suspected fraud have been received
  - 42 of those cases have been closed as 'no fraud'
  - 100 sanctions have been delivered in cases of proven fraud.
- 3.2 **Appendix 1** the CFID annual report details the background to the above figures as well as its programme of other work delivered over the last year.

### 4. Work Plan for 2018/19

- 4.1 CFID has a programme of proactive work conducted to ensure the council's posture against fraud is robust and effective. **Appendix 2** 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

- 5.1 CFID are working with a number of national bodies to champion and raise the profile of fraud, sharing knowledge and working best practice between partner agencies. The acknowledgment of fraud by the public sector remains a common challenge with continual work being done to publicise successful outcomes. CFID continues to support other local councils and government bodies providing specialist capabilities, particularly in the emerging cyber crime and digital space.
- 5.2 CFID is an Executive Board member of NAFN.gov Data & Intelligence. NAFN is a national body funded in-part by the Home Office that develops and shares

intelligence across local councils and central government. CFID developed a national paper to enhance the work of NAFN to increase its leadership role for the sector. CFID's strategy sought to increase the recognition and professionalisation by councils in the areas of Digital Forensics, Cyber-Crime, Criminal Finances and Fraud Awareness.

5.3 CFID continues to provide support to HM Government Cabinet Office in the development of the national Counter Fraud Profession for all law enforcement agencies. This programme of developing the 'profession' is in recognition that:

- fraud is the most prevalent crime in the UK
- fraud in the public sector is under-reported
- the historical approach to deal with fraud through disciplinary activity alone is no longer acceptable
- the capabilities in cyber and digital have not developed quick enough
- the public sector needs to share its practice and intelligence to protect the public purse.

## **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 anti-fraud strategy.

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

7.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-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 corporate governance.

## **9. Implications**

### **9.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Assistant Director, Finance**

The figures of detected fraud and potential fraud risk are set out in Appendix 1.

## 9.2 Legal

Implications verified by: **David Lawson**  
**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 Directorate 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**  
**Community Development Officer**

Whilst there are no specific equality and diversity implications arising from this update report, it is noted that CFID's work in 2017/18 has led to the investigation of over 200 cases of online child abuse, resulting in the successful safeguarding of 45 children.

## 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):

None.

## 11. Appendices to the report

Appendix 1 – CFID Annual Report 2018/19  
Appendix 2 – CFID Annual Strategy & Work Programme for 2019/20

## Report Author:

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