

12 September 2019		ITEM: 8
Standards & Audit Committee		
Counter Fraud & Investigation Quarterly Update (Q1)		
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(s)

- 1.1 The Standard & Audit Committee comments on the performance of the Counter Fraud & Investigation Department.**
- 1.2 The Standard & Audit Committee agrees to the edited Work Plan 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 part of the council works hand-in-hand with the police regional organised crime units to tackle serious & organised economic crime including cyber-crime.

3. Performance

- 3.1 CFID has continued to be the resource dealing with referrals for fraud and economic crime affecting the council and its stance against fraud. The figures show the performance of the department for Quarter 1 of 2019/20:
- 38 reports of suspected fraud have been received.
 - 13 cases have been closed as 'no fraud'.
 - 2 sanctions have been delivered in cases of proven fraud.
 - 5 Social housing properties have been recovered.
 - 113 active investigations are currently being conducted.

It is of note that the reporting of the departments figures have been re-aligned with other reporting departments who report to this committee. Therefore some of the figures that have been mentioned within this report will have been also reported in the year-end report of 2018/19.

4. Work Plan for 2019/20

- 4.1 CFID has a programme of proactive work conducted to ensure the council's posture against fraud is robust and effective, which was presented and accepted by the Standards and Audit Committee in July 2019. **Appendix 1** sets out the progress made in delivering the Counter Fraud Strategy & Plan 2019/20.
- 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.
- 4.3 Due to the realignment of the reporting period for this department the work plan has been modified to ensure that the plan is delivered within the new reporting periods.

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 counter-fraud strategy.
- 6.2 The agreed work plan that was brought before the committee in July 2019 has been revised to ensure the work is completed within the new time periods.

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: **Dammy Adewole**
Senior 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: **Tim Hallam**
Acting Head of Law and Monitoring Officer

There does not appear to be any legal implications within this report

9.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Strategic Lead, Community Development and Equalities - Adults, Housing and Health Directorate

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

9.4 Other implications (where significant) – Staff, Health, Sustainability, Crime and Disorder or Impact on Looked After Children

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 – Counter Fraud Strategy & Plan 2019/20

Report Author:

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Counter Fraud & Investigation