

19 December 2019		ITEM: 9
Standards & Audit Committee		
Counter Fraud & Investigation Quarterly Update (Q2)		
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 Counter 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 Standards and Audit Committee note on the performance of the Counter Fraud & Investigation Department.

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 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 Despite the work the service conducts on behalf of other authorities, the core function of the service remains its priority – to reduce the risk of fraud, corruption and other economic crime affecting Thurrock Council and its supply chain.

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 2 of 2019/20.

- 121 reports of suspected fraud have been received.
- 60 cases have been closed as 'no fraud'.
- 7 sanctions have been delivered in cases of proven fraud.
- 8 Social housing properties have been recovered.
- 134 active investigations are currently being conducted.
- A total of £188,500 of fraud detected
- A total of 9 year's custodial sentences issued to offenders

- 3.2 A large major investigation conducted by CFID over 4 years was also successfully concluded. A fraud valued at over £500k was tried at Basildon Crown Court where the 4 defendants were convicted by a Jury, later sentenced to 9 years imprisonment. The CFID Criminal Finances Unit are now conducting a confiscation investigation to seek to recover the proceeds of crime.

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 September 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's national work is undertaken under its 'National Investigation Service' or 'NATIS' operating model, providing mutual aid support to public bodies across the country.
- 5.2 NATIS 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.
- 5.3 NATIS 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 at the forefront of central government and due to the work NATIS and other local authority fraud departments are completing is starting to become relevant within the local government setting too.
- 5.4 This quarter also saw Assistant Director: David Kleinberg, invited to present to the Annual National Health Service Counter Fraud conference, with representatives from all NHS trusts in attendance. The speech attracted interest from a number of national and local NHS trusts seeking NATIS assistance in fighting fraud against the NHS.

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 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, Finance

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, Assistant Director of Law and Governance and Monitoring Officer

There are no specific, direct legal implications arising from this update report.

9.3 Diversity and Equality

Implications verified by: **Natalie Smith**
Strategic Lead: Community Development and 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 1 – Counter Fraud Strategy & Plan 2019/20

Report Author:

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Counter Fraud & Investigation