

11 March 2021		ITEM: 8
Standards and Audit Committee		
Counter Fraud & Investigation Quarterly Update (Q3)		
Wards and communities affected: All	Key Decision: N/A	
Report of: Michael Dineen, Strategic Lead for Counter Fraud & Investigation		
Accountable Assistant Director: David Kleinberg, Assistant Director for Counter Fraud, Investigation & Enforcement		
Accountable Director: Julie Rogers, Director for Environment, Highways & Counter Fraud		
This report is Public		

Executive Summary

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

The team also have 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.

Despite the wider-activity the team deliver the primary focus of the service is the protection of public finance and our residents from the criminal misuse of frontline services.

This report outlines the performance of CFI over the last year to Quarter Three (Q3) for Thurrock Council, as well as the work the team have delivered nationally for other public bodies.

1. Recommendation(s)

1.1 The Standards and Audit Committee comments on the performance of the Counter Fraud & Investigation Department.

2. Introduction & Background

2.1 The council's CFI team is responsible for delivering the corporate counter fraud strategy supported by a programme of work which includes proactive

activity to enhance the council's controls as well as respond to intelligence developed through public and law enforcement reporting lines.

3. Performance

3.1 CFI receives reports about suspected fraud from the public, internal referral mechanisms and targeted proactive operations at high-risk areas. The figures show the performance of the department up to and including Quarter 3 of 2020/21:

- 84 reports of suspected fraud have been received in Q3
- 16 Investigations have been closed as 'No Fraud' in Q3
- 92 Investigations were closed in Q3
- 20 active investigations are currently being conducted
- The value of the currently open investigations is £478,000
- Detected Fraud (prosecuted or awaiting judicial outcomes¹) can be seen in the table below:

Fraud Type	Number of cases	Value of Offences
Housing	6	£253,000
Social Care	1	£24,000
Money Laundering	1	£1,800,000
Right to Buy	1	£84,200
Grants	1	£80,000
Worker	5	£5,700
Total	15	£2,246,900

3.2 The work of the CFI continues to be affected by the C-19 restrictions. This is not uncommon across the public sector, however the team have continued to focus their work on the high risk/high impact areas. In the C-19 incident the highest risk to the council are derived from the Covid-19 Business Support Grants administered by the council on behalf of government.

3.3 Since entering the 'Emergency Management Phase' the CFI team have worked continually with the council's Revenues, Finance and Communications services to design-out fraud in the C-19 grant schemes.

3.4 CFI acquired a new automated intelligence system to overlay the grant applications process to identify suspected fraudulent applications. That system successfully processed 326 counter fraud 'pre assurance' investigative checks to ensure that only those eligible receive the grants.

3.5 That preventative counter fraud work saw 30 grant applications investigated and stopped, saving £300,000 of potential losses of public funds.

¹ The COVID-19 incident has severely affected the judicial system causing significant delays. This has seen criminal casework stop at the point of litigation being finalised. No information is yet provided by the Ministry of Justice on when that position will change.

3.6 This process is continuing with all grants process as well as 'post assurance' being completed on authorised grants, to ensure that monies paid went to the correct recipient. The success of this programme is being examined against other council application process, as part of the 2020/21 counter fraud work plan.

4. Work Plan for 2020/21

4.1 CFI has a programme of proactive work to ensure the council's posture against fraud is robust and effective. That plan was presented and accepted by the Standards and Audit Committee in July 2020. **Appendix 1** sets out the progress made in delivering the Counter Fraud Strategy & Plan 2020/21.

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

5. National Counter Fraud

5.1 The council's NATIS (National Investigation Service) function was commissioned by the Secretary for Business, Energy & Industry Strategy (BEIS) to use its capabilities to identify and apprehend the organised criminals behind the coordinated attacks in the C-19 finance schemes. That work is completely ring-fenced both financially and operationally from the council's core businesses

5.2 Since engaging in this project the NATIS team has developed further collaborative working with the Police Regional Organised Crime Units, National Crime Agency as well as HMRC, The Insolvency Service and other Government departments.

6. Reasons for Recommendation

6.1 This report provides a detailed update to the Committee on the 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 CFI 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

There are no financial implications in this report.

9.2 Legal

Implications verified by: **Ian Hunt**
**Assistant Director of Law and Governance and
Monitoring Officer**

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.

9.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring Officer, Adults, Housing & Health**

There are no diversity or equality issues within this 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 2020/21

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