

8 July 2021		ITEM: 7
Standards and Audit Committee		
Counter Fraud & Investigation Annual Report & Strategy		
Wards and communities affected: All	Key Decision: N/A	
Report of: Michael Dineen, Strategic Lead for Counter Fraud		
Accountable Assistant Director: David Kleinberg, Assistant Director for Counter Fraud, Investigation & Enforcement		
Accountable Director: Julie Rogers, Director of Public Realm		
This report is Public		

Executive Summary

The Counter Fraud & Investigation (CFI) 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.

The work of the service is led by the annual Counter Fraud Strategy which is approved following consultation with the council's services and intelligence from partners in government and policing.

This report outlines the performance of the team over the last year as well as proposes the new Counter Fraud strategy to tackle fraud for the council in 2021/22.

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 approves the Counter Fraud & Investigation strategy and work programme for 2021/22.**

2. Introduction & Background

- 2.1 The council's CFI team is responsible for delivering the corporate counter fraud programme which includes proactive activity to enhance the council's controls as well as respond to intelligence from that proactive work and information from other sources.**

- 2.2 The team was reorganised in early 2015 where enhanced measures and capabilities to prevent, detect and deter attacks from criminality were installed. Those measures include digital forensic capabilities to respond to the changing environment as well as criminal finances, to investigate, seize and confiscate criminal assets.
- 2.3 Since the Counter Fraud & Investigation team was re-launched in 2015 it has received £6,181,314 of council funding but detected £16,677,582 of fraud. During that same period the CFI service has also returned £6,665,474 of realisable cash back in to council finances.

3. Performance

3.1 CFI can comment on the following statistics for the previous year (2020/21):

- 302 reports of suspected fraud have been received
- 254 Investigations have been undertaken by CFI
- 203 Investigations were closed by CFI
- 51 active investigations are currently being conducted
- The value of open investigations is £719,050
- Detected Fraud (prosecuted or awaiting judicial outcomes) can be seen in the table below:

Fraud Type	Number of cases	Value of Offences
Housing	8	£300,000
Social Care	1	£24,000
Money Laundering*	1	£1,800,000
Right to Buy	1	£84,200
Grants	2	£90,000
Worker	7	£10,700
Total	20	£2,298,200

- 3.2 The detailed annual report shown in **Appendix 1** provides the background to these figures as well as the overall programme of work delivered by the service in the last year.
- 3.3 It is clear that the pandemic has reduced the traditional work that CFI would complete during a year, however that has not meant the CFI team haven't assisted in the fight against fraud. Due to the pandemic the government announced a number of grants that were to be administered by local authorities, these were collectively known as Business Support Grants (BSG).
- 3.4 The CFI team have worked closely with the Revenues team (those responsible for administering the grants) to complete pre and post assurance checks on all applications that were received.

3.5 The CFI have completed the following pre/post assurance checks:

- 813 checks completed
- 61 applications refused
- 147 applications required further documentation
- 605 applications processed and paid

3.6 The preventative counter fraud work saw 61 grant applications investigated and stopped, saving over £600,000 of potential losses of public funds.

4. Work Plan for 2021/22

4.1 CFI has a programme of proactive work proposed to ensure the council's posture against fraud is robust and effective. **Appendix 1** sets out the proposed 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 CFI and the Section 151 Officer, these will be brought back to the Committee for approval.

5. Reasons for Recommendation

5.1 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. Consultation (including Overview and Scrutiny, if applicable)

6.1 All Directors and Heads of Service were consulted with the new strategy to be taken by the Council in its anti-fraud approach.

7. Impact on corporate policies, priorities, performance and community impact

7.1 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 corporate governance.

8. Implications

8.1 Financial

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

This report shows the financial implications within **Appendix 1**.

8.2 Legal

Implications verified by: **Deirdre Collins**
Barrister, Law & Governance

The work completed by CFI assists the council with its legal obligations as noted below:

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.

8.3 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.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

9. 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):

10. Appendices to the report

Appendix 1 – CFI Annual Report 2020/21 & Annual Strategy & Work Plan for 2020/21

Report Author:

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Counter Fraud & Investigation