

<b>7 July 2022</b>		<b>ITEM: 11</b>
<b>Standards and Audit Committee</b>		
<b>Counter Fraud &amp; Investigation Annual Report</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key	
<b>Report of:</b> Michael Dineen, Strategic Lead for Counter Fraud & Investigation		
<b>Accountable Assistant Director:</b> David Kleinberg, Assistant Director for Counter Fraud, Investigation & Enforcement		
<b>Accountable Director:</b> Julie Rogers, Director of Public Realm		
<b>This report is</b> 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 (2021/22) as well as proposes the new Counter Fraud strategy and proactive work plan to tackle fraud for the council in 2022/23.

### **1. Recommendations**

- 1.1 The Committee notes the performance of the Counter Fraud & Investigation team over the last year.**
- 1.2 The Committee approves the Counter Fraud & Investigation strategy and work programme for 2022/23.**

### **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 In 2021/22 the CFI cost just over £1.5m, with the team being able to detect more than £2.3m of fraud from various sources whilst recovering £1.9m. When calculated, the CFI detected £1.47 for every £1 spent and the budget for the year 2021/22 ended in a surplus of just over £1.2m which was able to be reinvested into the council.

### 3. Performance

3.1 CFI can comment on the following statistics for the previous year 2021/22:

- 517 Fraud Alerts have been sent out to internal and external partners
- 508 Intelligence Reports have been sent to other Law Enforcement agencies assisting in their investigations.
- 317 reports of suspected fraud have been received
- 187 Investigations have been undertaken by CFI
- 130 Investigations were closed by CFI
- 90 active investigations are currently being conducted
- The value of open investigations is £7,144,099

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

- 588 checks completed
- 21 applications refused
- 157 applications required further documentation

- 410 applications processed and paid

The preventative counter fraud work saw 21 grant applications investigated and stopped immediately, potentially saving £378,000 of potential losses of public funds. There were also 157 applications that required further investigation due to 'flags' the CFI identified. This could have potentially saved a further £2,826,000 in public funds if all were deemed not payable.

#### **4. Proactive Work Plan for 2022/23**

- 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: **Laura Last**  
**Senior Management Accountant (supporting Public Realm Directorate and Strategy, Engagement & Growth Directorate)**

The Fraud team generated a £1.2m surplus in 21/22 which was reinvested in council services.

## 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

There are no diversity or equality issues within this report

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

## 8.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

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 2021/22 & Annual Strategy & Proactive Work Plan for 2022/23

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