

16 July 2015		ITEM: 12
Standards and Audit Committee		
Counter Fraud & Investigation Annual Report, Policy & Strategy		
Wards and communities affected: All	Key Decision: N/A	
Report of: David Kleinberg. Group Manager Counter Fraud & Investigation		
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: David Bull, Chief Executive		
This report is Public		
Date of notice given of exempt or confidential report: N/A		

Executive Summary

It was reported to Members at the last Committee that consideration was being given to the centralisation of all anti-fraud & corruption work into one department named the Counter Fraud & Investigation Directorate ("CFID"). The rationale was to maximise the effectiveness of tackling fraud, currently delivered separately by the Fraud Investigation Department and Housing Investigation Team. This work was agreed by Directors Board and a formal restructure process has now concluded.

As of 1st July 2015 the Counter Fraud & Investigation Directorate has sole responsibility to prevent, detect and deter all instances of alleged economic crime affecting the authority including: allegations of fraud, theft, corruption, bribery and money laundering.

In support of this single centralised approach, a new Anti-Fraud & Corruption Policy has been drafted, which takes account of the current fraud landscape and best practice around the UK ensuring a coordinated approach is taken.

- 1. Recommendation(s)**
 - 1.1 The Committee endorses the new Anti-Fraud & Corruption Policy**
 - 1.2 The Committee notes the Counter Fraud & Investigation performance**
 - 1.3 The Committee endorses the 2015/16 Corporate Counter Fraud & Investigation Strategy**
- 2. Introduction and Background**

- 2.1 The new approach to tackling the effects of economic crime on the Council seeks to enhance the assurance over the system of controls but also ensures consistency in the Council's response to fraudulent activity, perpetrated against Council services.
- 2.2 The new centralised service will share the resources currently present through the developed partnerships with the Department for Work and Pensions, Ministry of Justice and Southend Borough Council. The new enlarged service brings additional benefits to the Council with a balanced and proportionate use of Proceeds of Crime Act to take redress.

3. Issues, Options and Analysis of Options

Revised Anti-Fraud & Corruption Policy

- 3.1 The new Anti-Fraud & Corruption Policy (shown at **Appendix 1**) sets out the Council's position in response to any allegations of economic crime together a single reference point to be used when staff, Members, contractors and service users have concerns. The policy seeks to assist those groups by defining offence types and describing the correct actions to be taken when those offences are suspected.

Counter Fraud & Investigation Performance

- 3.2 **Appendix 2** summarises the counter fraud work flow for 2014/15. It shows that 364 referrals were received during this period. Of those that have been accepted as valid potential cases, over half have been dealt with and the remainder are under investigation with continuous work being undertaken to resolve those cases expeditiously.

Corporate Counter-Fraud Strategy

- 3.3 **Appendix 3** sets out the Corporate Counter Fraud & Investigation Strategy for 2015/16. This is supported by:
- a proactive work programme (**Appendix 3a**)
 - a programme of team management projects (**Appendix 3b**).
- 3.4 The three main work areas for 2015/16, to continue its development are:
- producing and rolling out a standard governance framework that can be tailored by each organisation working with CFID
 - formalising work arrangements with other key services within the Council and finalising performance reporting arrangements for the team
 - delivering a targeted programme of proactive work in service areas that carry inherently higher fraud risks.
- 3.5 The approach to be adopted is to:

- rollout a Subject Matter Expert from CFID to each service area
- deliver key targeted anti-fraud training to those areas supported by service specific anti-fraud guides
- utilise the new data analytics tool across service areas to improve identification of fraud risks

3.6 Quarterly performance reports will be produced for Directors Board and Standards & Audit Committee on the delivery of this Strategy.

4. Reasons for Recommendation

4.1 This report provides a detailed update to the Committee on the improved counter-fraud measures for the Council.

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

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

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

6.1 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 corporate governance.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

There are no financial implications contained in this report.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer, Deputy Head of Legal Services

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.

This proactive and investigative work undertaken by the Directorate as well as the regular monitoring of compliance with the requirements of Fighting Fraud Locally discharges this duty.

7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**
Community Development Officer

There are no implications related to this report.

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

None.

8. **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):

None.

9. **Appendices to the report**

Appendix 1 – Revised Anti-Fraud & Corruption Policy
Appendix 2 – CFID Case Summary
Appendix 3 – Corporate Counter Fraud & Investigation Strategy
Appendix 3a – CFID Proactive Work Plan
Appendix 3b – Team Management Projects

Report Author:

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