

AUDIT COMMITTEE

21st January 2021

**Subject: Counter Fraud & Investigation: Quarterly Performance Report
(Including Q1 and Q2)**

1. Purpose of Report

To update the Audit Committee on the progress made in delivering the Corporate Counter Fraud & Investigation strategy for the Council in 2020/21.

The report includes the performance of the service which is now aligned to financial year reporting from its previous reporting period set at municipal year.

2. Counter Fraud Proactive Work Plan

Appendix A outlines the progress made in delivering the agreed Counter Fraud Proactive Work Plan for this year (2020/21).

The team is making good progress in delivering the planned work. If during the year any changes or additions to the plan are proposed between Counter Fraud Investigation (CFI) and the Section 151 Officer, these will be brought back to the Committee and included in an amended work plan. The work that CFI has been completing has been delayed and the Plan was officially recommended by the committee in November last year due to impact of Covid 19.

3. Investigations

CFI continues to deliver investigations into incidents of suspected fraud or other economic crime for the council. However just prior to Q1 of 2020 the early stages of the Covid-19 Pandemic took hold of the UK and England was placed into Lockdown. This caused CFI to cease home visits and greatly affected the work normally carried out by the CFI team. However, this was not to suggest we would not continue the work required where possible.

The CFI team continued to receive referrals and progress all investigations that were viable. Below are the figures recorded by the CFI crime management system during Q1 and Q2.

The figures represent activity undertaken during Q1 of 2020.

Number of suspected fraud reports received within Q1:	9
Number of Closed investigations during Q1:	7
Value of suspected fraud under investigation:	£136,200

The figures represent activity undertaken during Q1 of 2020

Number of suspected fraud reports received within Q2:	12
Number of Closed investigations during Q2:	5
Number of ongoing investigations:	7
Value of suspected fraud under investigation:	£398,000

As can be seen the CFI has maintained investigations throughout this time and those that could not be progressed due to movement restrictions have been placed within the CFI intelligence system and will result in post Covid-19 checks by CFI officers.

4. Contribution to Council's Aims and Priorities

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.

CFI have also been working with the revenues department to assist in the 'pre and post assurance' checks on grants that were administered by the Council on behalf of HMG which related to Covid-19 stimulus packages.

These checks ensured only eligible individuals or businesses received the grants that they were entitled to. The CFI continue to perform this function and will do so again if required.

Financial Implications

Proactive fraud and corruption work acts as a deterrent against financial impropriety and might identify financial loss and loss of assets.

Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes.

Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.

Legal Implications

The Accounts and Audit Regulations 2015 Section 3 requires that:

The relevant authority must ensure that it has a sound system of internal control which:

- *facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *ensures that the financial and operational management of the authority is effective*
- *includes effective arrangements for the management of risk.*

The work of the Directorate contributes to the delivery of this.

People Implications:

Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings and prosecution
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

Property Implications

Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity. This action will benefit the authority by means of returning housing stock to those in need or gaining the assets of those who seek to profit from their criminal behaviour. It is unfortunate that during this Pandemic and number of 'Abandonment' referrals could not be progressed, however the CFI will maintain records of this and ensure that these matters are looked into post Covid-19.

Consultation / Equalities Impact Assessment:

None

Risk Assessment

Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity.

Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

Value for Money

An effective counter fraud and investigation service should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

Community Safety Implications and Environmental Impact:

None

Recommendations

The Audit Committee:

- **The Audit Committee notes the performance of the Counter Fraud & Investigation team to date.**

Background Papers

- Fighting & Corruption Fraud locally, the Local Government Fraud Strategy
- Crowe Whitehall & Clarke Annual Fraud Indicator 2017

Appendices

- Appendix A: Counter Fraud Proactive Work Plan

Report Author: Michael Dineen, Strategic Lead for Counter Fraud & Investigation.

Counter Fraud & Investigation



Counter Fraud Pro-Active Work Plan

2020/21



Proactive Work Plan

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Counter Fraud Training	December 2020	This has started and staff of CFI have presented training to the Housing Department and are due to continue to the other areas of the council when restrictions are reduced or when departments are available for group 'MS Teams Meetings'. The Strategic Lead for CFI also gave a small presentation to the managers of CPBC regarding Fraud Awareness recently.	Phil Butt	
Council-wide	Review & Update Counter Fraud, Bribery and Corruption Guidance	January 2021 expected delivery February 2021	Currently being reviewed by Assistant Director - CFI	Michael Dineen	

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Review & Update Counter Money Laundering Policy	January 2021 expected delivery February 2021	Currently being reviewed by Assistant Director - CFI	Michael Dineen	
Council-wide	Review & Update Whistleblowing Policy	January 2021 expected delivery February 2021	Currently being reviewed by Assistant Director - CFI	Michael Dineen	
Council-wide	Create an NFI working group to maintain the council's proactive response to data matches.	From April 2020	Ongoing with the key contacts being contacted to arrange suitable meetings. However C-19 has hindered this process. This is a yearlong programme and will continue every year.	Nick Coker	
Council-wide	Cyber-crime risk assessment across the council.	March 2021	The project now includes CFID, ICT and Capita to cover all aspects. This has been completed on the CFI side but now requires input	David Nash	

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
			from CPBC employees within ICT.		
Council-wide	Provide a Cyber Incident Response Policy	March 2021	Currently linked to the Cyber-crime risk assessment. This new policy will move the council forward in its threat response.	David Nash	
Council-wide	Review the last 5 years of Right to Buy purchases against the restrictions in place.	March 2021	This will seek to establish if property has been sold without the required authority or within time-bared periods.	Nick Coker	
Council-wide	Review the last 5 years of successions against intelligence data.	March 2021	To establish if any data held within our intelligence systems show anomalies with the historic successions.	Nick Coker	