

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive

to

Audit Committee

on

6 September 2017

Report prepared by: Daniel Helps, Senior Manager for
Counter Fraud & Investigation

Counter Fraud & Investigation Directorate: Quarterly Performance Report

Executive Councillor – Councillor Moring

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present the first quarterly performance report outlining the work of the Counter Fraud & Investigation Directorate in delivering the Annual Counter Fraud and Investigation Work Plan.

2. Recommendation

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

3. Performance

- 3.1 The Counter Fraud & Investigation Directorate (CFID) has made good progress in delivering the 2017/2018 work plan for cases of reported fraud, with:
- **65** investigations being conducted
 - **33** sanctions being delivered in the first quarter (this number excludes referrals to HR and other agencies as CFID has no control over the outcome).
- 3.2 **Appendix 1** outlines the flow of cases into CFID so far since 1st April 2017.

4. Fraud Risk Assessment

- 4.1 Local authorities have followed Fighting Fraud Locally, The Local Government Fraud Strategy, which sought to define minimum standards for councils to apply to ensure there was sufficient recognition of fraud in local government.
- 4.2 This strategy was reviewed in 2016 and was re-named 'Fighting Fraud & Corruption Locally', developed with input from a number of bodies including the Cabinet Office, Home Office, Local Government Association and local authorities. The strategy highlights the most common fraud types faced by local government as:
- Housing Tenancy fraud (reported separately to South Essex Homes)
 - Procurement fraud

- Insurance fraud
 - Social Care fraud
 - Blue Badge Scheme fraud
 - Revenues Fraud.
- 4.3 The CFID annual strategy continues to recognise these fraud threats and has undertaken proactive work to ensure the system of internal control was effective in protecting the Council from fraud.
- 4.4 CFID reported to the last Audit Committee, its intention to create a more detailed analysis of the fraud risks the Council faces by conducting team by team reviews.
- 4.5 Senior Management from CFID have met with Directors and agreed the programme of delivery of Fraud Risk Assessment workshops across business areas within the Council.
- 4.6 These workshops will ensure that the emerging crime threats are captured and acknowledged by the business areas, as well as identify opportunities to better protect the Council with remedial action.
- 4.7 **Appendix 2** outlines the delivery plan for the Counter Fraud Work Plan, including the Fraud Risk Assessment process.

5. Policy Review and Revision

- 5.1 As detailed at previous Audit Committees, CFID agreed to review and update (as appropriate) existing Council policies as they relate to countering fraud and economic crime, such as money laundering and bribery and corruption.
- 5.2 CFID has reviewed and is in the process of updating the following Council policies:
- Counter Fraud, Bribery & Corruption Policy
 - Counter Money Laundering Policy
 - Whistleblowing Policy
 - Cyber Crime Policy.
- 5.3 These will shortly be distributed to relevant officers for review and comment.

6. Corporate Implications

- 6.1 Contribution to Council's Aims and Priorities
- Work undertaken to reduce fraud and enhance the Council's counter fraud and corruption culture contributes to the delivery of all its aims and priorities.
- 6.2 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.

6.3 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.

6.4 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.

6.5 Property Implications

Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity.

6.6 Consultation: None

6.7 Equalities Impact Assessment: None

6.8 Risk Assessment

Failure to operate a strong counter 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.

6.9 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.

6.10 Community Safety Implications and Environmental Impact: None

7. Appendices

- Appendix 1: Case Summary to 31 July 2017
- Appendix 2: Counter Fraud Work Plan for June to October 2017