

Southend-on-Sea Borough Council

Agenda
Item No.

Report of the Chief Executive

to

Audit Committee

on

17 January 2018

Report prepared by: Daniel Helps, Senior Manager 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 update the Audit Committee on the progress made by the Counter Fraud & Investigation Directorate (CFID) in delivering the Counter Fraud Strategy and work programme for 2017/18.

2. Recommendation

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

3. Proactive Work Plan

- 3.1 **Appendix 1** sets out the current status of the tasks contained within the proactive work programme set to be delivered throughout the year.
- 3.2 If during the year changes or additions to the plan are proposed between the CFID and the Section 151 Officer, these will be brought back to the Committee and included in the work plan.

Fraud Risk Assessment

- 3.3 CFID has developed a detailed floor-up Fraud Risk Assessment (FRA) process (in conjunction with the Cabinet Office) which is in the process of being delivered by the team, by:
- using **targeted questionnaires** tailored to each service area
 - having **individual interviews** with staff across the organisation
 - holding **workshops** with groups of staff to increase the understanding of the process and quality of output.

Targeted Questionnaires

- 3.4 Alongside these risk assessments, the CFID has also created an intelligence-led questionnaire which will be distributed to key staff to assess compliance with the UK Bribery Act (UKBA) and Counter Money Laundering requirements. An online portal utilising the new home page that has been created by IT will enable more detailed analysis and ease of reporting.

Individual Interviews

- 3.5 The interviews ensure that CFID can capture exactly all the relevant elements of the service delivery approach, risk stance and its impact on the rest of the Council.

Workshops

- 3.6 The workshops will ensure that the emerging crime threats are captured and acknowledged by the business areas to create a detailed Fraud Risk Matrix containing the risks, mitigation and on-going management, i.e. with supplier support, internal audit review process etc.

4. Investigations

- 4.1 The CFID has made good progress in the investigation of fraud and other economic crime perpetrated against the council. **Appendix 2** details the flow of cases into the CFID so far since 1 April 2017.

5. Corporate Implications

- 5.1 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.

- 5.2 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.

- 5.3 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.

5.4 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.

5.5 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.

5.6 Consultation: None

5.7 Equalities Impact Assessment: None

5.8 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.

5.9 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.

5.10 Community Safety Implications and Environmental Impact: None

6. **Appendices**

- Appendix 1: Counter Fraud Work Plan for Sept 2017 to Jan 2018
- Appendix 2: Southend Borough Council Case Summary to 8 December 2017