

Southend-on-Sea Borough Council

Agenda
Item No.

Report of the Chief Executive

to

Audit Committee

on

25th July 2018

Report prepared by: David Kleinberg, Assistant Director for
Fraud & Investigations

Counter Fraud & Investigation Directorate: Annual Performance Report

Cabinet Member - Councillor John Lamb

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 over the last year.**

3. Annual Report

- 3.1 The CFID has produced its second annual report which details the work and results of the CFID for the period 2017/18 across all partners including Southend-on-Sea Council. The report is shown at **Appendix 1**.
- 3.2 The report details year on year comparison of investigations and value of detected fraud for the periods since 2014. This shows an upwards trend in cases of detected fraud.
- 3.3 A number of case summaries are included in the report with a wide range of examples from across CFID's partners.

4. Investigations

- 4.1 For the year 2017/18 good progress has been made in responding to reports of suspected fraud, with:
- **136** investigations being concluded so far in the year
 - **91** sanctions being delivered in cases of proven fraud
 - **£687,742** of fraud has been detected

5. Work Plan

- 5.1 The work plan for the period 2018/19 is shown at **Appendix 2**. This work plan details the current projects of the CFID.

5.2 Some of these projects have already been implemented and progress will be updated to future audit committees. A section of the work plan, regarding questionnaires for bribery & corruption and money laundering has been carried over from the 2017/18 work plan.

6. Corporate Implications

6.1 Contribution to Council's Aims and Priorities

6.1.1 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.

6.2 Financial Implications

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

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

6.2.3 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

6.3.1 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.'*

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

6.4 People Implications

6.4.1 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

6.5.1 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.

6.6 Consultation: None

6.7 Equalities Impact Assessment: None

6.8 Risk Assessment

6.8.1 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.

6.8.2 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

6.9.1 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. Background Papers

- 2017/18 Annual Fraud Indicator – Crowe Clark & Whitehall

8. Appendices

- Appendix 1: CFID Annual Report 2017/18
- Appendix 2: CFID Work Plan 2018/19