

Southend-on-Sea Borough Council

Report of the Strategic Director (Finance and Resources)

to

Audit Committee

on

24 July 2019

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

Agenda
Item No.

Counter Fraud & Investigation: Annual Performance Report

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 team in delivering the council's Counter Fraud Strategy and Work Programme for 2018/19.

2. Recommendation

- 2.1 The Audit Committee notes the performance of the Counter Fraud & Investigation team over the last year.**

3. Annual Report

- 3.1 This is the fifth year of the strategic alliance with Thurrock Council to tackle all forms of fraud and economic crime at Southend-on-Sea Borough Council. During those 5 years the collaboration has detected **£5,945,842** in fraud at Southend and returned **£1,089,494** to the council's finances.
- 3.2 The annual report shown at **Appendix 1** highlights the significant impact the team has made in tackling fraud over the last year, detecting **£1,935,940** of fraud and recovering **£354,300**.
- 3.3 The report includes a year on year comparison of investigations conducted over the last 5 years as well as the value of detected fraud since 2014. The report shows an upward trend in cases of detected fraud highlighting that the service is improving the general awareness of fraud and embedding counter fraud activity in council services.
- 3.4 Analysis of the team's performance over the last year shows that for every **£1** spent by the council on the Counter Fraud & Investigation service it has detected **£1.67** of fraud.

4. Corporate Implications

- 4.1 Contribution to Council's Aims and Priorities
- 4.1.1 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.
- 4.2 Financial Implications

- 4.2.1 Proactive counter fraud work acts as a deterrent against financial impropriety and identifies financial loss and loss of assets.
- 4.2.2 Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes.
- 4.2.3 Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.
- 4.3 Legal Implications
- 4.3.1 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.'*
- 4.3.2 The work of the service contributes to the delivery of this.
- 4.4 People Implications
- 4.4.1 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.
- 4.5 Property Implications
- 4.5.1 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.
- 4.6 Consultation: None
- 4.7 Equalities Impact Assessment: None
- 4.8 Risk Assessment
- 4.8.1 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.
- 4.8.2 Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.
- 4.9 Value for Money
- 4.9.1 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.
- 4.10 Community Safety Implications and Environmental Impact: None

5. Background Papers

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

6. Appendices

- Appendix 1: CFID Annual Report 2018/19