

Southend-on-Sea Borough Council

Report of the Strategic Director (Finance and Resources)

to

Audit Committee

on

24 July 2019

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Fraud & Investigations

Agenda
Item No.

Counter Fraud & Investigation: Annual Strategy & Work Programme for 2019/20

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present to the Audit Committee Counter Fraud & Investigation strategy and work programme for 2019/20.

2. Recommendation

- 2.1 **The Audit Committee agrees the the Counter Fraud & Investigation strategy and work programme for 2019/20.**

3. Counter Fraud Service with Thurrock

- 3.1 This year Southend-on-Sea Borough Council has renewed its agreement with Thurrock Council to deliver a corporate counter fraud & investigation service, managing the risk from fraud and economic crime.
- 3.2 The agreement with Thurrock pools counter fraud resources across the two authorities as well as share the infrastructure and national agreements already in place with Thurrock with other bodies such as the Home Office, National Police Chiefs Council, Cabinet Office and Regional Organised Crime Unit network.
- 3.3 These agreements ensure that the CF&I team are able to utilise intelligence to focus its work, managing the risk of each individually reported fraud appropriately to inform resource allocation.
- 3.3 This collaboration recognises the positive impact the previous 5-years have had on Southend-on-Sea Borough Council, improving the council's response to fraud and economic crime. Last year the service demonstrated a return on investment of £1.67 for every £1 spent, as well as passing the £1m mark in income to the council from the work of the team.

4. Counter Fraud & Investigation Strategy

- 4.1 This year the CF&I team has implemented its 'Control Strategy' that leads the work of the service focusing on specific risk areas to ensure crimes affecting the most vulnerable are prioritised. These areas not only include crime directly affecting areas such as social care and social housing but also attacks on areas

that are abused by organised crime. **Appendix 1** outlines that work and the focus of the service over the ensuing next year.

5. Corporate Implications

5.1 Contribution to Council's Aims and Priorities

5.1.1 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.

5.2 Financial Implications

5.2.1 Proactive counter fraud work acts as a deterrent against financial impropriety and identifies financial loss and loss of assets.

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

5.2.3 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

5.3.1 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.'*

5.3.2 The work of the service contributes to the delivery of this.

5.4 People Implications

5.4.1 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.

5.5 Property Implications

5.5.1 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.

5.6 Consultation: None

5.7 Equalities Impact Assessment: None

5.8 Risk Assessment

5.8.1 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.

5.8.2 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

5.9.1 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.

5.10 Community Safety Implications and Environmental Impact: None

6. Background Papers

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

7. Appendices

- Appendix 1: Counter Fraud & Investigation Annual Strategy & Work Programme for 2019/20.