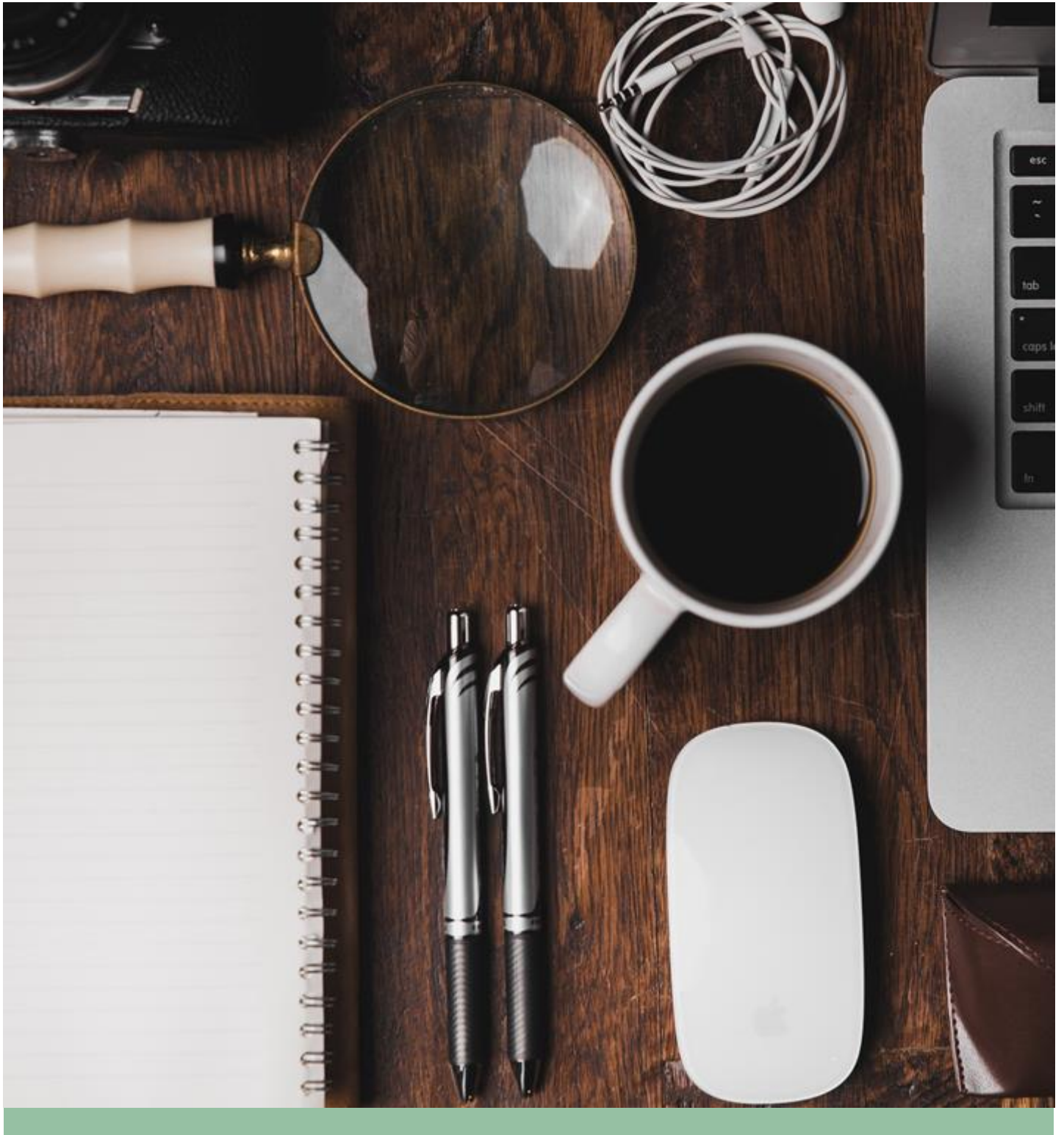


COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 29 September 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year¹. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases
- 3 This report updates the Corporate Affairs and Audit Committee on counter fraud activity to date.



FRAUD MANAGEMENT

- 4 The Council's counter fraud framework is subject to annual review. The outcome of that review is being reported to the committee in the current session. The framework report includes an updated strategy action plan, anti-fraud, corruption, and bribery policy, and fraud risk assessment.
- 5 The counter fraud team raised awareness of whistleblowing on World Whistleblowers' Day in June. It is important that workers are aware that they should raise concerns that are in the public interest and that there are protections in place if they do. It is equally important that managers respond to whistleblowing concerns in the correct way.
- 6 Counter fraud training was delivered to the Council's finance team to address a form of cybercrime that has been increasing in terms of sophistication, frequency, and success over the past 12 months (mandate fraud – also known as payment diversion fraud). The training provided an update on the latest tactics and tools used by criminals to commit this type of fraud.
- 7 Fraud awareness training was delivered to members of the Council's legal department. The training provided awareness of the role and function of the counter fraud team as well as updating staff on debtor tracing work undertaken for the department.
- 8 The Council's counter fraud transparency data was updated to include information about counter fraud work in 2021/22, meeting the Council's obligation under the Local Government Transparency Code 2015.

¹ Fraud and Error (Ninth Report of Session 2022/23), Public Accounts Committee, House of Commons



MULTI-AGENCY WORK

- 9 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Cabinet Office. The 2020/21 exercise has now concluded and there is ongoing work in preparation for the 2022/23 exercise. Data will be securely gathered from council systems at the end of September, processed, and then securely sent to the NFI in October.



INVESTIGATIVE WORK

- 10 In 2022/23, the counter fraud team has received eleven referrals of suspected fraud to date. These cover potential adult social care fraud and debt recovery issues. Thirteen investigations have been completed in the current financial year and there are currently two cases under investigation.
- 11 Working with Legal Services the team have assisted the Council to trace debtors. To date information has been provided in connection with debts totalling £40k.