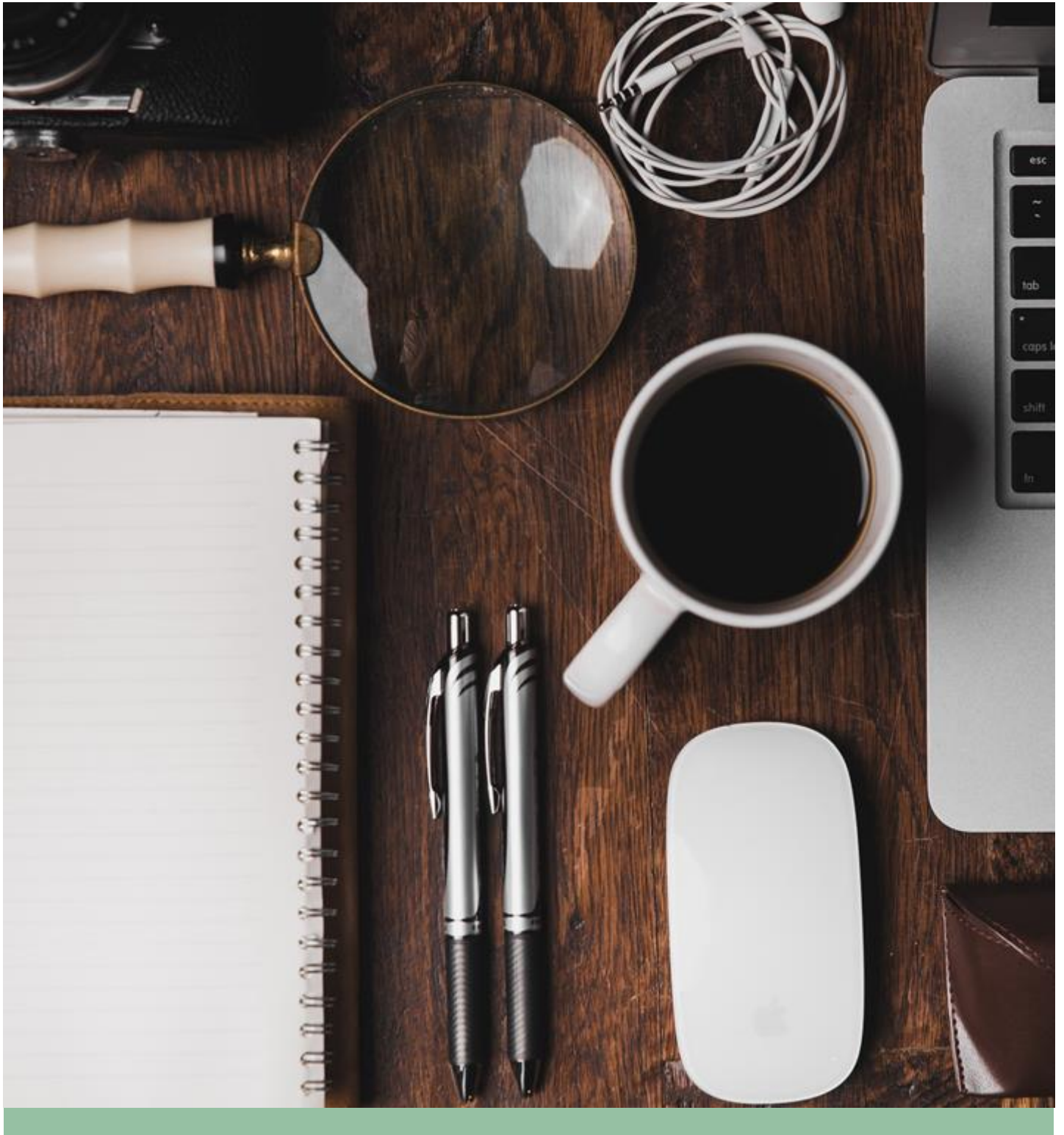


# COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 5 December 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 year<sup>1</sup>. 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 was reviewed and updated in September 2022. This included an updated strategy action plan, anti-fraud, corruption, and bribery policy, and fraud risk assessment.
- 5 In October information was released to members of staff to mark cybersecurity awareness month. The material focussed on mandate fraud (aka payment diversion fraud) a form of cybercrime that has been increasing in terms of sophistication, frequency, and success over the past 12 months. Staff were updated on the latest tactics and tools used by criminals to commit this type of fraud as well as warning signs to look out for. Earlier in the year bespoke and more in depth training was provided to the Creditors Team as they are most likely to be contacted by perpetrators of this type of fraud.
- 6 An awareness campaign informing staff about the council's anti-bribery and anti-money laundering policies is planned for December.
- 7 The counter fraud team is starting to work more closely with the Revenues and Benefit teams. Work is being undertaken to review outstanding National Fraud Initiative (NFI) matches.



## MULTI-AGENCY WORK

- 8 The National Fraud Initiative 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 and the exercise runs every two years. Data from a range of council areas has been gathered for the upcoming 2022/23 exercise. The counter fraud team have assisted to

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<sup>1</sup> Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

ensure correct data is sent on schedule. In addition checks have been made to help ensure that the council meets fair processing requirements. Results of the datamatching exercise are expected to be released in February 2023.

## INVESTIGATIVE WORK

- 9 In 2022/23, the counter fraud team has received twenty-three referrals of suspected fraud to date. These cover potential adult social care fraud, council tax reduction and debt recovery issues. Referrals have been made by members of staff, the NFI, and the public. Sixteen investigations have been completed in the current financial year and there are currently seven cases under investigation.
- 10 An adult social care investigation into deprivation of capital has resulted in a warning being issued to a member of the public who has also been issued an invoice for £18k.
- 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.