

COUNTER FRAUD ANNUAL REPORT 2022/23

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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 essential 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 The purpose of this report is to update the Corporate Affairs and Audit Committee about work undertaken by Veritau's counter fraud team during 2022/23.

SUMMARY OF WORK

- 4 The counter fraud team has continued to develop links with key services and officers to develop fraud awareness and undertake investigations where concerns are raised.
- 5 In 2022/23, the team received 48 referrals about suspected fraud and requests for assistance. Thirty-six investigations were completed across a range of council areas. Information was also provided to Legal Services to help trace eight debtors who collectively owed the Council in excess of £60k.
- 6 An adult social care investigation into deprivation of capital resulted in a warning being issued to an individual. They were also invoiced £18k in respect of care fees.

COUNTER FRAUD MANAGEMENT

- 7 Raising awareness of fraud amongst Council staff and the public is an important function of the counter fraud team. Awareness campaigns were undertaken to mark International Fraud Awareness Week and International Anti-Corruption Day in November and December 2022 respectively.
- 8 Veritau marked World Whistleblowers' Day in June 2022 by helping to increase awareness of whistleblowing, the protections offered to employees who raise a concern, and the need for managers to take the correct actions when a report is made.

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

- 9 The counter fraud team also worked with colleagues in Human Resources during the year to produce a revised Whistleblowing Policy which contains guidance for employees and managers. The new policy is expected to be released in 2023/24.
- 10 Specific counter fraud training was also provided to officers working within Human Resources, Adult Social Care, Legal, Finance, and Parking.
- 11 A quarterly newsletter is distributed to staff working within adult social care highlighting local and national fraud cases.
- 12 Bespoke anti-bribery training was provided to the Burials Team following an internal audit report which highlighted that employees in that area were facing an increased level of risk.
- 13 The threat of cybercrime continues to increase as councils and other organisations are targeted by increasingly sophisticated frauds. Awareness of the types of cybercrime affecting councils was raised with all members of staff during Cyber Security Awareness Month in October 2022.
- 14 Veritau oversee the Council's participation in the National Fraud Initiative (NFI). This is a large-scale data matching exercise that all councils are required to take part in, along with other public sector bodies in the UK. The counter fraud team ensure appropriate privacy notices are in place before collecting, processing and securely providing data to the NFI.
- 15 To help the Council meet its obligations under the Local Government Transparency Code 2015, Veritau provided transparency data on counter fraud work completed in 2022/23. This information is published online.
- 16 Veritau's counter fraud team represents the Council at regional and national counter fraud groups. Veritau participates in regular meetings of the North East Counter Fraud Group and the North East Tenancy Fraud Forum. Veritau also participates in and chairs a national Fighting Fraud and Corruption Locally working group examining issues relating to adult social care fraud.



COUNTER FRAUD STRATEGY ACTION PLAN

- 13 In September 2022, the Corporate Affairs and Audit Committee considered a strategy action plan designed to help develop counter fraud arrangements at the Council. The table below shows the progress made against the agreed actions. The action plan will be updated with new actions and priorities in September 2023.

Ref	Action	Status	Update
1	Review guidance issued by the Public Sector Fraud Authority (PSFA); identify recommended actions and implement as required.	Ongoing	Informal discussions have been held with the PSFA, however no guidance has been issued for local government to date.
2	Promote counter fraud work to more departments at the Council.	Ongoing	Discussions have been held with the Council's insurance provider to establish whether joint working would be productive. Engagement with other departments is ongoing.
3	Increase responsibilities around the investigation of National Fraud Initiative (NFI) data matching.	Complete	The counter fraud team has begun the investigation of matches released by the NFI.
4	Update the Council's Anti-Fraud, Bribery and Corruption Policy.	Complete	An updated policy was approved by the committee in September 2022.
5	Promote counter fraud reporting lines to members of the public and staff.	Complete	Reporting lines were promoted during International Fraud Awareness Week in November 2022.