

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 9 December 2021

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the Council's counter fraud framework and associated policies.
- 3 This report updates the Corporate Affairs and Audit Committee on counter fraud activity to date, including recent actions following our last report to the committee.



FRAUD MANAGEMENT

- 4 The Council's counter fraud framework was reviewed and updated in September 2021. This included an updated strategy action plan, anti-fraud, corruption, and bribery policy, and fraud risk assessment.
- 5 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public, and to inform them of how to report fraud if they suspect it is happening. Fraud awareness training continues to be delivered to relevant departments.
- 6 A campaign to mark Cyber Security Awareness Month was delivered to staff in October. Another campaign to mark International Fraud Awareness Week was delivered to staff and the public in November.
- 7 An awareness campaign informing staff about the council's anti-bribery and anti-money laundering policies is planned for December.
- 8 Veritau have noted an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to council suppliers (i.e. mandate or payment diversion fraud). The counter fraud team is working with the Council to ensure that controls are in place to meet this emerging threat.
- 9 The counter fraud team are in discussion with the Revenues and Benefits Department to explore more joint working and increased investigation of benefit, council tax, and business rate fraud.
- 10 Veritau attended the North East Counter Fraud Group, formerly the North East Regional Officers Group, to discuss regional fraud issues with other councils in the Tees Valley and the wider North East.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill



MULTI-AGENCY WORK

- 11 Work on the 2020/21 National Fraud Initiative (NFI) is ongoing. The counter fraud team provides support to council officers addressing data matches. Over 5,500 matches across a range of council areas were produced by the exercise. The NFI recently released additional matches relating to Covid-19 grants matches which are being reviewed. Instances of suspected fraud will be considered for investigation where appropriate.



INVESTIGATIVE WORK

- 12 In 2021/22, the counter fraud team has received seventeen referrals of suspected fraud. These cover potential adult social care fraud, internal fraud, and debt recovery. There are currently six cases under investigation.
- 13 Working with Legal Services the team have assisted in tracing 3 people who owe the council over £10k. A further 4 cases are ongoing trying to trace debtors who owe the Council a combined total of £15k.
- 14 To date the team have assisted the Council to cancel one £10k Covid-19 grant made to a business who did not qualify for it. The same business has also been invoiced for nearly £6k in unpaid business rates.