



AUDIT & GOVERNANCE COMMITTEE

Monday, 28 June 2021

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| Subject | CORPORATE FRAUD ANNUAL REPORT 2020-21 |
| Report by | Councillor Maurice Cook, Cabinet Member with responsibility for Resources; and Councillor Richard Kerry, Cabinet Member with responsibility for Housing |
| Supporting Officer | Mrs Siobhan Martin Head of Internal Audit siobhan.martin@eastsuffolk.gov.uk 01394 444254 |

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| Is the report Open or Exempt? | OPEN |
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| Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information. | N/A |
| Wards Affected: | All Wards |

Purpose and high-level overview

Purpose of Report:

This report provides a summary of the performance of the Corporate Fraud Service for the period 1 April 2020 to 31 March 2021.

Options:

There are no options to be considered in relation to this report.

Recommendation:

That the Audit and Governance Committee comments upon the performance of the Corporate Fraud Service for the year 2020/21.

Corporate Impact Assessment

Governance:

The corporate governance of the Council will be supported by embedding effective standards and strong safeguards for countering fraud and corruption.

ESC policies and strategies that directly apply to the proposal:

This report represents the work of the Corporate Fraud Service which supports the delivery of all services across the Council as described in the East Suffolk Strategic Plan.

Associated policies are the Council's Covert Investigation Policy and Anti-Money Laundering Policy.

Environmental:

There are no known environmental impacts arising from this report.

Equalities and Diversity:

There are no known Equality and Diversity implications arising from this report.

Financial:

The prevention, detection and recovery of fraud will help reduce the financial pressure on the Council.

Human Resources:

There are no known human resources implications arising from this report.

ICT:

There are no known ICT implications arising from this report.

Legal:

The Corporate Fraud Service conducts investigations in accordance with the Police and Criminal Evidence Act 1984, Criminal Procedures and Investigations Act 1996, Data Protection Act 2018, General Data Protection Regulation 2018, Human Rights Act 1998, Regulation of Investigatory Powers Act 2000, Investigatory Powers Act 2019, Criminal Justice Act 2003, Social Security Administration (Fraud) Act 2001, Council Tax Reduction

Scheme (Regulations) 2012, Bribery Act 2010, Prevention of Social Housing Fraud Act 2013, Proceeds of Crime Act 2002, Money Laundering & Terrorist Financing (amendment) Regulations 2019 and the Criminal Finance Act 2017.

Risk:

This report provides the results of the Council's response to fraud risk management during 2020/21. The provision of an effective Corporate Fraud Service reduces the Council's risks related to fraudulent activity.

External Consultees:

Consultation has taken place with the Council's external auditor, Ernst & Young.

Strategic Plan Priorities

| Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i> | | Primary priority | Secondary priorities |
|--|--|--------------------------|--------------------------|
| T01 | Growing our Economy | | |
| P01 | Build the right environment for East Suffolk | <input type="checkbox"/> | <input type="checkbox"/> |
| P02 | Attract and stimulate inward investment | <input type="checkbox"/> | <input type="checkbox"/> |
| P03 | Maximise and grow the unique selling points of East Suffolk | <input type="checkbox"/> | <input type="checkbox"/> |
| P04 | Business partnerships | <input type="checkbox"/> | <input type="checkbox"/> |
| P05 | Support and deliver infrastructure | <input type="checkbox"/> | <input type="checkbox"/> |
| T02 | Enabling our Communities | | |
| P06 | Community Partnerships | <input type="checkbox"/> | <input type="checkbox"/> |
| P07 | Taking positive action on what matters most | <input type="checkbox"/> | <input type="checkbox"/> |
| P08 | Maximising health, well-being and safety in our District | <input type="checkbox"/> | <input type="checkbox"/> |
| P09 | Community Pride | <input type="checkbox"/> | <input type="checkbox"/> |
| T03 | Maintaining Financial Sustainability | | |
| P10 | Organisational design and streamlining services | <input type="checkbox"/> | <input type="checkbox"/> |
| P11 | Making best use of and investing in our assets | <input type="checkbox"/> | <input type="checkbox"/> |
| P12 | Being commercially astute | <input type="checkbox"/> | <input type="checkbox"/> |
| P13 | Optimising our financial investments and grant opportunities | <input type="checkbox"/> | <input type="checkbox"/> |
| P14 | Review service delivery with partners | <input type="checkbox"/> | <input type="checkbox"/> |
| T04 | Delivering Digital Transformation | | |
| P15 | Digital by default | <input type="checkbox"/> | <input type="checkbox"/> |
| P16 | Lean and efficient streamlined services | <input type="checkbox"/> | <input type="checkbox"/> |
| P17 | Effective use of data | <input type="checkbox"/> | <input type="checkbox"/> |
| P18 | Skills and training | <input type="checkbox"/> | <input type="checkbox"/> |
| P19 | District-wide digital infrastructure | <input type="checkbox"/> | <input type="checkbox"/> |
| T05 | Caring for our Environment | | |
| P20 | Lead by example | <input type="checkbox"/> | <input type="checkbox"/> |
| P21 | Minimise waste, reuse materials, increase recycling | <input type="checkbox"/> | <input type="checkbox"/> |
| P22 | Renewable energy | <input type="checkbox"/> | <input type="checkbox"/> |
| P23 | Protection, education and influence | <input type="checkbox"/> | <input type="checkbox"/> |

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| XXX | Governance | | |
| XXX | How ESC governs itself as an authority | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| How does this proposal support the priorities selected? | | | |
| The embedding of strong safeguards for countering fraud and corruption supports good governance and demonstrates effective financial management. | | | |

Background and Justification for Recommendation

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| 1 Background facts | |
| 1.1 | East Suffolk Council has a zero-tolerance approach to fraud and corruption, and has a dedicated Corporate Fraud Service with a comprehensive programme of proactive and reactive anti-fraud work. |
| 1.2 | The Corporate Fraud Team will investigate any aspects of fraud activity relating to the Council, partnerships and their services, whilst considering the risk of loss to the Council, loss of the services to its residents and reputational damage this may cause. |
| 1.3 | The Corporate Fraud Service consists of a Manager, two Investigation Officers (full time) and an Intelligence Officer (part-time) directed by the Head of Internal Audit. The Head of Service is a Senior Appropriate Officer, accredited by the National Crime Agency (NCA) and one Investigation Officer is an Accredited Financial Investigator. This provides the Council with an opportunity to recoup financial losses from fraudulent activity and another specific area of work. |
| 1.4 | The Internal Audit and Corporate Fraud Services have a contract with Ipswich Borough Council. This provides additional resources if required, as well as the services of two further Accredited Financial Investigators and one Financial Intelligence Officer. |
| 2 Current position | |
| 2.1 | Each year the Corporate Fraud Service expects to recover at least two times the cost of the Service from preventing fraudulent cases or identifying fraudulent payments for recovery. Full details of the value of the anti-fraud work carried out during 2020/21 can be seen in the appendix to this report. |
| 3 How to address current situation | |
| 3.1 | The Council will continue to uphold its zero-tolerance approach in working towards the prevention, detection and prosecution of fraud and corruption, as set out in the Corporate Anti-Fraud Business Plan 2021/22 presented to the Committee in March 2021. |
| 4 Reason for recommendation | |
| 4.1 | This report is being presented to the Audit & Governance Committee to ensure the Committee is apprised of the Corporate Fraud work and performance over the last year, and in accordance with the Committee's terms of reference which stipulate (amongst other functions) that the Committee shall: 'Review the assessment of fraud risks and potential harm to the Council from fraud and corruption; and |

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| | Monitor the counter-fraud strategy, activity and resources’, |
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Appendices

Appendices:

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| Appendix A | Corporate Fraud Annual Report 2020/21 |
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Background reference papers:

| Date | Type | Available From |
|-----------|--|------------------------|
| June 2020 | Corporate Anti-Fraud Business Plan 2020/21 | Head of Internal Audit |