

Suffolk Coastal & Waveney District Councils



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# **Corporate Fraud Business Plan 2019-2020**

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## 1. INTRODUCTION

- 1.1 The new Council (**East Suffolk**) will continue to enhance services in the field of corporate anti-fraud activity in line with the principle of a **zero tolerance approach to fraud**.
- 1.2 All Local Authorities have a duty to safeguard public funds and take responsible steps to ensure that controls are in operation to prevent, detect and prosecute fraudulent activity.
- 1.3 All Councillors, Officers, Employees, Consultants, Volunteers and Agency staff etc are committed to a zero tolerance approach towards fraud and corruption in the administration of its responsibilities, whether internally or externally; this is captured within contracts and codes of conduct.
- 1.4 The Corporate Fraud Business Plan represents the Council's strategic response and action plan to counter fraud and corruption.
- 1.5 The professionally qualified and experienced Corporate Fraud Team undertakes dedicated fraud prevention, detection, investigation and prosecution services.
- 1.6 The Corporate Fraud Team receives fraud referrals from internal staff, contractors, external agencies and other government departments along with anonymous referrals from members of the public. A confidential telephone **fraud 'hotline'** (**01394 444444**), is available for all to report any suspicion of fraud. Reports can also be made via the Council's website on [fraud@eastsoffolk.gov.uk](mailto:fraud@eastsoffolk.gov.uk).
- 1.7 The Council has a Whistleblowing Policy which is available to all internal parties and partners, and training is routinely provided to staff and upon request by partners. There is a dedicated whistleblowing contact number to which concerns can be reported without fear of reprisal - **The telephone number is: 01394 444222**.

## 2 INTERNATIONAL, NATIONAL AND REGIONAL CONTEXT

- 2.1 The International Public Sector Fraud Forum 'A Guide to Managing Fraud for Public Sector Bodies' (February 2019) sets out an international unified approach based upon anti-fraud principles and practices which the Council has embraced for a number of years. The Council acknowledges that fraud has no geographic boundaries particularly in the growing cyber technology world. The Corporate Fraud Team has links to many external agencies all sharing the same objective to prevent crime.
- 2.2 The loss and harm caused by fraud in the public sector is significant. UK Public Sector fraud losses were estimated to be £40.4 billion in 2017 by the Centre for Counter Fraud Studies. The National Fraud Initiative Report 2016-18 records the identified UK Public Sector fraud figures for that two-year period as £301.2 million. This also does not take into consideration the social harm caused by fraud.

- 2.3 Protecting the English Public Purse 2016 issued by The European Institute for Combatting Corruption And Fraud (TEICCAF) still remains relevant in its identification and risk based fraud profiling for the Council. The report specifically identified:
- Right to Buy (RTB) is documented as one of the largest emerging threats in the Country.
  - Procurement fraud is continuing to rise, with the number of cases increasing by over 90%.
  - Insurance fraud is continuing to rise, with the number of cases doubling.
- 2.4 Chartered Institute of Public Finance and Accountancy (CIPFA) continues to lead and support the fight against fraud and corruption across local and central government; including publication of the Fighting Fraud and Corruption Locally 2016-2019 strategy and the annual CIPFA fraud and corruption tracker.
- 2.5 HM Government has reinforced it's commitment to tackling corruption by issuing a UK Anti-Corruption Strategy 2017-2022.
- 2.6 Tackling fraud in Local Government continues to remain high profile; driven by the duty to ensure public stewardship of Council resources and to enable Council's to provide services to those in need whilst facing significant reductions in funding. The Council will continue to adopt the relevant guides issued by the leading counter fraud bodies in the UK.
- 2.7 Suffolk Coastal and Waveney District Councils identified £3.6 million in relation to anti fraud activity in 2017-18.

### **3 AIMS & OBJECTIVES**

- 3.1 The Corporate Fraud Team is committed to:
- a. Create and promote a robust "anti-fraud" culture across the Council and its corporate partners, highlighting the zero tolerance of fraud, bribery and corruption, where integrity and ethics are at the forefront.
  - b. Encourage individuals to report suspicions of fraudulent or corrupt behaviours.
  - c. Focus on prevention and deterrence as a cost-effective means of reducing fraud losses to protect public resources.
  - d. To further develop the Council's intelligence IT System to support the service.
  - e. To work with other organisations, partners, and investigatative bodies to strengthen and continuously improve resilience to fraud and corruption
  - f. To recover losses from fraud, using legislation such as the Proceeds of Crime Act (POCA) 2002.

## **4 FRAUD AND CORRUPTION PRINCIPLES (5)**

### **4.1 1. There is always going to be fraud**

It is a fact that some people will look to make gain where there is opportunity, and Councils need robust processes in place to prevent, detect and respond to fraud and corruption.

### **2. Finding fraud is a good outcome**

If we do not find fraud then it cannot be fought against. This requires a change in perspective so the identification of fraud is viewed as a positive and proactive achievement.

### **3. There is no one solution**

Addressing fraud needs a holistic response incorporating detection, prevention and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.

### **4. Fraud and corruption are ever changing**

Fraud and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.

### **5. Prevention is the most effective way to address fraud and corruption**

Preventing fraud through effective counter fraud practices reduces the loss and reputational damage (although this can be difficult to measure). It also requires less resources than an approach focused on detection and recovery.

## **5. RESOURCES**

5.1 The Corporate Fraud Team forms part of the Audit Services Partnership arrangements with Ipswich Borough Council.

5.2 The East Suffolk Corporate Fraud Team consists of 3.4 full time equivalent staff: a Corporate Fraud Manager, two Corporate Fraud Investigators (one is a Financial Investigator as authorised by the National Crime Agency), and one part time Intelligence Officer who supports the Team. All of whom are directly employed by Suffolk Coastal District Council.

5.3 Partnership arrangements provide an opportunity to share training, knowledge and expertise, with a further three full time equivalent Financial Investigators appointed at Ipswich Borough Council. This provides a significant advantage to the Council as it

fosters cross boundary/organisational protection for the wider public purse to tackle broader criminal conduct.

- 5.4 To be effective, the Council will continually adapt its resources and continue to be agile in order to face the changing nature of the threat and the changing nature of its own business.
- 5.5 Fighting fraud and corruption is not a one off cost, it requires an ongoing investment that will be maintained and which flexes with the scale of risk and threat that the Council faces.

## **6. KEY ACTIVITIES 2019-20**

- 6.1 Workstreams planned for 2019-20 (see table below) have been aligned to common themes of **acknowledge**, **prevent** and **pursue** set out within the Council's Anti-Fraud and Corruption Strategy, CIPFA Fighting Fraud and Corruption Locally 2016-2019 and the Governments UK Anti-Corruption Strategy 2017-2022.

**ACKNOWLEDGE**  
Acknowledge and understanding fraud risks to the Council

Review and assess all the Council's policies affecting Corporate Fraud.

Conduct a formal fraud risk assessment which will be used to create a fraud risk mitigation plan.

Provide fraud awareness training across the Council to all staff, members, contractors, partnerships etc.

Continue to participate in International Fraud Awareness Week.

**PREVENT**  
Preventing and detecting more fraud

Conduct targeted reviews in conjunction with Internal Audit to design out fraud from the outset, which will enhance fraud controls and processes across the organisation.

Perform due diligence checks on all Right to Buy applications.

Review all housing succession applications prior to award.

Publicising the work of the service through internal promotion and to the public through Press Officers.

Conduct fraud investigations in line with risk assessment in response to referrals from internal staff, members of the public and external agencies etc.

Conduct proactive exercises across all high fraud risk areas in the Council.

Build on fraud awareness understanding across the Council, including members. To include promoting the service which can provide in many enforcement areas, not least, for the seizure of assets of offenders to recoup financial losses.

Revise and improve the mechanisms and tools available for internal staff and members of the public to report suspected instances of fraud.

Undertake NFI data matching activities and any local proactive fraud drives assessed as a priority by the Head of Internal Audit.

Continue to maintain and grow good working relationships with external agencies.

**PURSUE**  
Being stronger in prosecuting fraud and recovering losses

Undertake civil and criminal action when an offence is committed.

Publicise successes to increase confidence in public value for money and spending.

Continue to review and apply the Council's Prosecution and Sanction policy.

6.2 Corporate fraud investigations undertaken may fall within any of the following key areas, but is not limited to (as identified within Protecting the Public Purse 2016 and by the Cabinet Office):

- Tenancy /Housing fraud
- Right to Buy (includes continuing due diligence support)
- Council Tax Reduction Scheme - Single Person Discount
- National Non Domestic Rates (Business Rates evasion)
- Procurement
- Blue Badge Scheme (in partnership with Suffolk County Council)
- Economic and third sector support, including grants
- NFI Matches (statutory national exercise)
- Recruitment
- Cyber crime

6.3 Housing Benefit Fraud prevention and investigation is the responsibility of the Department for Works and Pensions.

6.4 Taking into account the risk areas highlighted within Protecting the English Public Purse 2016, and the National Fraud Initiative Report 2016-18, which identified in England alone £275.3 million fraud, the Corporate Fraud Team will continue to focus work within these high risk areas.

6.5 In support of the UK Anti-Corruption Strategy 2017-2022, Internal Audit & Corporate Fraud Services plans of work for 2019-20 onwards will dedicate resource to specifically consider the risk of Procurement fraud to reduce corruption in public procurement and grants.

## **7 PERFORMANCE**

7.1 An annual report of outcomes from the previous financial year will be presented to the Audit & Governance Committee, in the summer.

7.2 Outputs are monitored on a monthly basis within the service by the Corporate Fraud Manager and reported to the Head of Internal Audit.