

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	25 June 2018
Subject:	Counter Fraud Annual Report 2017/2018

Summary:

This report provides information on the overall effectiveness of the Authority's arrangements to counter fraud and corruption and reviews the delivery of the 2017/18 counter fraud work plan.

Recommendation(s):

To assess the overall effectiveness of the Council's arrangements to counter fraud and corruption and the progress made to implement policy.

Background

The Counter Fraud Annual Report provides an overview of the investigation and pro-active counter fraud work completed in 2017/18.

This summary provides information to enable the Committee to review performance and the effectiveness of the Council's arrangements. The progress reports submitted throughout the year and this annual report are the key sources of assurance for the Committee on the adequacy of Council's counter fraud activities.

The report supports the Committee in discharging its duties around:

- To review the assessment of fraud risks and the potential harm to the council from the risk of fraud
- To monitor the counter fraud strategy, actions and resources.

Details included within Appendix A includes information on:

- Fraud referrals received and investigations conducted
- Investigation outcomes and recoveries of fraud losses made
- Efforts to raise awareness of fraud
- Proactive work delivered with a view to detecting and preventing fraud
- The recent update of the council's Fraud Risk Register
- Work delivered by the Lincolnshire Counter Fraud Partnership:

Conclusion

We can provide assurance that arrangements in place to counter fraud continue to remain effective. This is evidenced by the significant increase (82%) in the level of fraud loss recoveries during 2017/18.

The number of investigation referrals during 2017/18 was less than the previous year. However, lengthy cases were brought forward from 2016/17 and this continued to impact of the level of resources available to deliver counter fraud work. The level of work delivered within the plan (84%) was encouraging and the main areas outstanding (reviews of counter fraud related policies and procedures) have already commenced and will be completed as a priority.

In accordance with our Counter Fraud Policy, we continue to seek the strongest possible sanctions in response to fraud cases. One case completed during 2017/18 saw a 15 month custodial sentence passed and a suspended sentence was handed down in another case. Where we identify evidence of fraud taking place we have a zero tolerance approach and will refer all cases to the police and Action Fraud.

Our commitment to raising awareness of fraud has been maintained during the year. We are highly encouraged by the reaction and feedback received to the e-learning training course developed in conjunction with the Lincolnshire Counter Fraud Partnership. We have also targeted communications at specific areas during 2017/18, including schools. We regularly deal with cases within schools and we are striving to improve awareness of fraud indicators, controls to prevent fraud and knowledge of reporting options in our response

We have completed our refresh of the council's Fraud Risk Register. This is an important step that helps drive our immediate and longer term priority planning. This process has ensured that we have an improved and detailed knowledge of the current fraud 'picture' and guides our response. We update supporting information whenever we identify any relevant details to ensure the assessment is current.

The Lincolnshire Counter Fraud Partnership has continued its successful collaboration with its partner authorities. Notable achievements of the partnership in 2017/18 include its prominent role in the development and launch of the successful fraud awareness e-learning package and its work to help improve knowledge of cyber fraud threats. All council partners have signed up to the partnership for 2018/19 and representatives from Lincolnshire Police now form part of the group.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Counter Fraud Annual Report
Appendix B	Counter Fraud Work Plan 2017/18
Appendix C	Referrals - 2013/14 to 2017/18
Appendix D	Fraud Risk Assessment - Summary

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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