

## Regulatory and Other Committee

### Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	<b>Audit Committee</b>
Date:	<b>15 June 2020</b>
Subject:	<b>Counter Fraud Annual Report 2019/2020</b>

#### **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 2019/20 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 proactive counter fraud work completed in 2019/20.

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 subsequent investigations made
- Investigation outcomes
- Recovery of fraud losses
- Proactive work to detect and prevent fraud
- 2019/20 update of the council's Fraud Risk Register
- Work delivered by the Lincolnshire Counter Fraud Partnership

- Recent developments including the raised threat presented by the Coronavirus outbreak
- Future counter fraud work and planning

## **Conclusion**

We can provide assurance that arrangements in place to counter fraud continue to remain effective. This is demonstrated by our success in 2019/20 to recover and prevent losses through several different methods – we secured recovery of £86k through our investigation work while our proactive and data analysis work detected a further £28k of overpayments. Furthermore, our proactive work to build awareness reaped dividends when a major fraud attempt (valued at £1.6m) was thwarted through vigilance of an employee – using knowledge provided through our awareness campaign on mandate fraud.

Our service delivers value for money. This is demonstrated through the level of recoveries (£124k) against the cost of providing a Counter Fraud & Investigation function (£237k). Recoveries are not the only measure of success and there are prevention measures that we support - the mandate fraud noted above being an example. This demonstrates real and tangible benefit. It is not possible to capture the value of all fraud stopped as preventative work stops them happening even before an attempt is made. However, it does support our stance to mitigate the risks of fraud to the Council.

We were able to complete 87% of the work tasks included within the annual Counter Fraud Plan 2019/20 including an update of the Fraud Risk Register and also significant proactive work exercises in priority areas. We have also been able to respond promptly and effectively to ensure employees are aware of the raised threat levels posed by the Coronavirus outbreak. We will continue to monitor developments to ensure a continued response in preventing and detecting fraud in these rapidly changing circumstances.

Building on our success in 2019 Government Counter Fraud Awards we were approached by CIFAS to input into the new Local Government Counter Fraud Strategy (Fighting Fraud and Corruption Locally) and we are currently working in conjunction with Mazars on this. This demonstrates evidence of the Council's growing reputation for its counter fraud activities.

The Lincolnshire Counter Fraud Partnership has continued its successful collaboration with its partner authorities. Lincolnshire Finance Officers have also agreed to consider a longer term funding commitment (3-5 years) for LCFP. Partnership activities will contribute to more money for local service delivery.

## 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 2019/20

## Background Papers

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

This report was written by Lucy Pledge, who can be contacted on 01522-553692 or [lucy.pledge@lincolnshire.gov.uk](mailto:lucy.pledge@lincolnshire.gov.uk) .

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