



Open Report on behalf of Andrew Crookham – (Executive Director of Resources)

Report to:	Audit Committee
Date:	12 July 2021
Subject:	Counter Fraud Annual Report 2020/2021

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 2020/21 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 2020/21.

This summary provides information to enable the Committee to review performance and the effectiveness of the Council's arrangements. The annual and progress reports 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
 - ☐ Fraud Awareness
 - ☐ Work delivered by the Lincolnshire Counter Fraud Partnership
 - ☐ Performance against plans
 - ☐ Benchmarking

Conclusion

a) Risks and Impact Analysis

Despite the difficulties presented by the pandemic, we can provide assurance that our arrangements to counter fraud have continued to remain effective.

It was necessary to revise our original planned work to respond to the changing and developing fraud risks that were emerging due to Covid-19. However, we were still able to meet 71% of our plan and deliver on all aspects (100%) of the revised plan priorities.

Fraud loss recovery was lower in 2020/21 although we did directly contribute to preventing some major bank mandate frauds against the Council. We also added value in our involvement in validating grant applications to the Business Recovery Fund. We helped design a process that included declarations to deter fraud but also worked alongside the Finance teams to validate the applications received. Our data analysis skills helped prevent 15 payments at a value of £77.5k from being issued.

The level of fraud referrals remained consistent with those recorded in the previous year and we identified an increase in the number of cases involving procurement fraud – this is one of our key risks and we will continue to monitor this area very closely to ensure any patterns are identified and our approach tailored to meet any changing priorities.

Councils are required to report and publish some areas of counter fraud statistics under the Transparency Code. We have compared our recent results against several other county councils. Different authorities have contrasting arrangements but the number of dedicated Counter Fraud professionals and the results derived from our work compare favourably with other councils reviewed. The results are included in Appendix C to the report.

The Lincolnshire Counter Fraud Partnership has continued its successful collaboration with its partner authorities. Lincolnshire Finance Officers have agreed to continue funding the partnership's activities.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Counter Fraud Annual Report

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.

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