

APPENDIX 1

COUNTER-FRAUD TEAM ACTIVITY UPDATE 2021-22

1. The Remit of the Counter Fraud Team is to:

- Prepare relevant best practice policies and procedures.
- Facilitate changes to the culture of the organisation by raising awareness amongst the workforce to fraud and corruption through targeted training.
- Proactively manage the risk of fraud to the Council through targeted audits in high-risk areas.
- Provide both a proactive and a reactive response to tackling fraud across the authority.
- Investigate serious financial frauds perpetrated against the Council.
- Direct or supporting involvement with disciplinary and grievance cases.

2. Work Undertaken during 2021-22

- 2.1 The Counter Fraud Team oversees the operation of the Mersey Region Fraud Group and contributes to the North-West Chief Audit Executives Counter-Fraud Sub-Group which consists of several authorities and partner organisations. The groups have continued to develop a regional approach to counter fraud, including the production of generic policies and procedures, collaborative working and developing practical solutions to mitigate fraud risks.
- 2.2 The Council subscribes to the National Anti-Fraud Network, which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams, which are distributed to relevant staff.
- 2.3 The Team oversees and co-ordinates the Council's involvement in the National Fraud Initiative (NFI) which the Council is required by law to participate in every two years. This is a national exercise using data matching audit techniques. Council-wide data sets covering a wide range of financial and non-financial applications are uploaded to the Cabinet Office website, which are then matched with data within and between participating bodies to identify potential fraud and error.
- 2.4 On receipt of the results the Council has responsibility to follow up and investigate the matches. The NFI exercise consistently generates significant savings for the Council, arising largely from payments recovered or stopped. The 2020-21 exercise identified over £223,000 of overpayments/errors, of which the Council has recovered or is in the process of recovering £219,000.
- 2.5 Council Tax Single Person Discount data is submitted to the NFI annually in December, when the electoral data compilation is completed. The December 2021 exercise identified over £104,000 of overpayments/errors, of which the Council has recovered or is in the process of recovering £104,000.
- 2.6 The Team has worked with departments to develop and implement Action Plans, ensuring lessons are learnt from this exercise. The aim being to identify common themes and recurring types of overpayments/errors, so that departments can identify what changes and measures can be taken to reduce them.

- 2.7 Data is currently being submitted by departments for the 2022-23 NFI exercise and the matches will be available to review by departments in late January 2023.
- 2.8 The Team reviews the Counter-Fraud and Corruption Strategy and Policies annually to ensure they are up to date, and that these are promoted across the Authority.
- 2.9 The Team continually assesses itself against CIPFA's "Code of Practice on Managing the Risk of Fraud and Corruption" and Cifas' "Fighting Fraud and Corruption Locally: A strategy for Local Government, to ensure its counter fraud arrangements are adequate and fit for purpose.
- 2.10 During the last eighteen months, the officers of the Counter-Fraud Team attended appropriate and relevant virtual training and awareness sessions delivered outside of the authority by organisations, such as CIPFA and Cifas. These provide important opportunities for the officers to update and refresh their knowledge in the counter fraud arena.
- 2.11 In November 2021, the Team coordinated its week-long Staff and Public Fraud Awareness Campaign, which coincided with the international fraud awareness campaign. The aim of the week is to heighten the awareness of the problem and scale of fraud in the public sector and to encourage staff and the public to report any suspicions of fraud that they may have. This resulted in twenty seven non-benefit related reports and referrals being made to the team.
- 2.12 In addition, the Counter Fraud Team provides advice to departmental officers investigating suspected frauds and irregularities, in cases where these are investigated within the department.
- 2.13 The Team has developed three new e-learning modules covering Fraud, Bribery & Corruption and Money Laundering, which will be rolled out as part of this year's Fraud Awareness Campaign, in November 2022.
- 2.14 The Counter Fraud planning process includes a review of fraud risks to ensure that all relevant risks are identified and to support the development of a programme of proactive anti-fraud work that minimises the risk of loss to the Council.
- 2.15 The Team maintains a fraud referral register, which is used to collate details of all reported fraudulent activity across the Council, whether investigated by the Counter-Fraud Team or by the relevant department. The information contained within the register is then used to identify potential weakness and areas that may be susceptible to increased attempts of fraud and as such where Counter-Fraud resources need to be directed.
- 2.16 The Team has conducted seven audits and investigations across a wide range of topics and, as identified in the Strategic Internal Audit Plan presented to this Committee in March 2021, and subsequently reported upon at corresponding meetings. These assignments whilst predominately planned also include pieces of work in response to requests from Chief Officers or Members or resulting from allegations made, including whistleblowing.

2.17 Outcomes from individual audits and investigations are reported to Members through the bi-monthly reports, quarterly Internal Audit Update reports and the Chief Internal Auditors Annual Report.

3. Summary

3.1 The wide range of the activities and incidents covered in this report highlights the extent to which fraud and error exist as risks to the achievement of the Council's objectives and the degree to which these risks can change over time. There are programmes of work in place across the Council to identify and investigate fraud risks and there is effective communication between the services involved.

3.2 Participation in counter-fraud activities and compliance with best practice helps to strengthen the Council's approach and management of these risks. Working with partners, as demonstrated by the NFI, successfully illustrates the benefit of partnership working and co-operation between all involved.

3.3 Work will continue in 2022-23 to ensure that the Council promotes an environment where fraud and corruption are not tolerated, and the Council responds effectively to all fraud risks.