
Counter Fraud Mid-Year Update Report 2021

Audit and Risk Committee

Date of meeting: 24th November 2021

Lead director: Colin Sharpe

Useful information

- Ward(s) affected: All Wards
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- Report version number: Version 2

1. Summary

- 1.1 The purpose of this report is to provide a mid-year update to the Audit and Risk Committee on the work carried out by the Corporate Investigations Team for the period 1 April 2021 to 30 September 2021.

2. Recommended actions/decision

The Audit and Risk Committee is recommended to:

- a) Receive and comment on the report
- b) Make any recommendations it sees fit to the Executive and/or the Chief Operating Officer/s151 officer or Deputy Director of Finance.

3. Background

- 1.1 This report includes statistical information on fraud cases identified, referred and, where appropriate, investigated by the Corporate Investigations Team. A report on the Council's counter fraud activity was presented to the Audit and Risk Committee on 21 July 2021 and therefore this report seeks only to update Members on statistical information where it is available.
- 1.2 As part of its work, the Corporate Investigations Team investigates suspected financial irregularities and makes recommendations to reduce the risk of further losses and improve performance, efficiency, effectiveness and economy in the use of resources by the Council.
- 1.3 The work focus during the first half of the financial year has returned more to business as usual, as the counter fraud measures associated with the delivery of the Government's business support schemes due to the coronavirus pandemic start to wind down.

4. Detailed report

- 4.1 During the period covered by this report the Corporate Investigations Team (CIT) have been dealing with Right to Buy (RTB) applications, School Admission applications and tenancy related fraud. Reactive work because of the Coronavirus and associated support schemes has reduced significantly.

- 4.2 The National Fraud Initiative (NFI) matches have been received and departments are working through the matches to identify any potential irregularities. This work is ongoing and is reported in detail in the Annual NFI Report elsewhere on the Committee's agenda.
- 4.3 The authority also continues to benefit from membership of the National Anti-Fraud Network (NAFN), which alerts members to phishing emails. These alerts are shared with relevant departments which helps keep the risk of fraud visible to staff members.
- 4.4 The team supported the latter administrative stages of the business grant account fund reconciliations and lead the on-going post payment assurance process required by the Government.
- 4.5 The team continues to work across the authority to reduce the risk of loss and fraud; this is a collaborative approach for example verifying RTB applications for council homes. All RTBs are subject to background checks and where irregularities or concerns are raised the issues are addressed by Legal Services, the RTB team and corporate investigations. This not only identifies irregularities but provides a higher level of assurance for sales to tenants.
- 4.6 For the period covered by this report the combined loss avoidance and income generated savings is £619,000.

5. Review of Performance

- 5.1 Statistical information on service demand and associated activity for April to September 21 is detailed in the table below.

Registered	131
Screened out	69
Investigations In Progress	93
Cautions Accepted	0
Administrative Penalties Accepted	0
Prosecutions - Successful (Guilty)	0
Total files with Solicitors	2

6 The Year Ahead

- 6.1 The report presented to the Committee on 21 July 2021 outlined the major objectives for the Corporate Investigations Team over coming months. The team will continue to undertake reactive and proactive investigations including data matching exercises to identify and reduce the risk of fraud.

6.2 The authority uploaded the data to the National Fraud Initiative (NFI) portal at the end of October 2020 for matching with other authorities. Matches were released for checking at the end of January 2021, which requires the work to be carried out by the relevant service areas to check the matches. Where fraud is suspected referrals will be made to the Corporate Investigations Team.

7. Financial, legal, equalities, climate emergency and other implications

7.1 Financial implications

Fraud can cause the Council significant loss; hence activity to prevent and detect fraud is a clear financial investment and a key component of good financial control and governance.

Colin Sharpe
Deputy Director of Finance

7.2 Legal implications

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia
City Barrister & Head of Standards

7.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides a mid-year update to the Audit and Risk committee on the work carried out by the Corporate Investigations Team.

There are no significant equality and diversity implications arising from the report.

Surinder Singh, Equalities Officer

7.4 Climate Emergency implications

This report does not contain any significant climate emergency implications.

7.5 Other implications

8. Background information and other papers:

- LOCAL GOVERNMENT ACT 1972
- Leicester City Council's Anti-Fraud, Bribery and Corruption Policy
- Leicester City Council's Finance Procedure Rules
- Leicester City Council's Constitution
- Leicester City Council's Code of Conduct for Behaviour at Work
- Leicester City Council's Information Security Policy Statement
- Leicester City Council's Prosecutions Policy
- Leicester City Council's Investigators Code of Conduct

- Public Bodies Corrupt Practices Act 1889

- Chartered Institute of Public Finance & Accountancy (CIPFA) publication
- *Managing The Risk of Fraud*
- The Prevention of Social Housing Fraud Act 2013

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a "key decision"?

No