



Classification: Open	Decision Type: N/a
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Report to:	Audit Committee	Date: 12 October 2023
Subject:	Annual Fraud Plan	
Report of	Section 151 Officer	

Summary

This report presents the Annual Fraud Plan for 2023/24 and also provides an update of the work undertaken by the Fraud Team from 1st April.2023 to 30th September 2023

The conclusions drawn from the report are:

- The Counter Fraud Team have reviewed and updated 5 policies:-
 - Anti-Fraud and Corruption Strategy
 - Fraud and Corruption Prosecution Policy
 - Whistleblowing Policy
 - Anti-Bribery and Corruption Policy
 - Anti- Money Laundering Policy
- The National Fraud Initiative results are being checked. The Fraud Team have checked 731 entries resulting in 340 Blue Badges being cancelled with a Cabinet Office estimated saving of £221,000.
- A review has been conducted of Business Rates accounts following work generated from Covid-19 Business Support Grants. 58 Business Rates accounts have been identified where there may be income totalling £740,000 which may be eligible for recovery. Additionally, covid-grant overpayments of £245,000 have also been identified, All this information has been passed to the Revenues and Benefits Team for their review and appropriate recovery action.

Recommendation(s)

- Members Approve the Annual Fraud Plan
- Members note this report and the work undertaken by the fraud team.

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Background

- The Fraud Investigators are members of the FAIR (Fraud, Audit, Insurance and Risk) Team. The team comprises two Senior fraud Investigators, one of which is part-time, (FTE 84%) and one Fraud Investigator. The team have been established for approximately 8 years; however, they were previously based within the Revenue and Benefits Team and transferred to FAIR following the restructure of the Finance Department which was implemented in January 2023.
- A plan has been compiled which sets out the work the team aims to deliver throughout 2023/24. This is the first time that a plan has been drawn up for the team and it is very much based on the teams' experience and knowledge of work undertaken in previous years. It is the intention that the plan will be under continuous review and will be developed. The team have contacts within Councils both within the boundaries of GMCA and in other regions in the country. By networking and liaising with other teams, the team become aware of any topics / subject areas which fraudsters may be targeting and become aware of work and developments that other colleagues are undertaking. This knowledge will be taken-into account and topics identified will be considered for inclusion in future plans for the Bury team.

ISSUES

- The annual plan for 2023/24 provides for 464 days to be delivered throughout 2023/24. The plan is attached to this report, Appendix A.
- It is intended that updates of the work of the team, including details of any reports produced and funds recovered, will be shared with Audit Committee Members. All the work undertaken is of a confidential nature and therefore will be presented in Part B of the meeting, which is closed to the press and public.
- This report also provides the first update to Audit Committee of the work undertaken from 1st April 2023 to 30th September 2023.

Fraud Awareness and Prevention

The Counter Fraud Team have reviewed and updated 5 policies. Three policies were presented to and approved by Audit Committee in July 2023. These were: -

- Anti-Fraud and Corruption Strategy
- Fraud and Corruption Prosecution Policy
- Whistleblowing Policy

The remaining two policies are presented to Audit Committee on 12th October 2023. These are: -

- Anti-Bribery and Corruption Policy
- Anti- Money Laundering Policy

Pro-Active Counter Fraud Activity

National Fraud Initiative (NFI)

- This year, the Counter Fraud Team are leading on checking data matches that are received from the NFI.
- A total of 731 matches have been checked during quarters 1 and 2, resulting in 340 Blue Badges being cancelled with a Cabinet Office estimated saving of £221,000. The team have since received two reports of Blue Badge misuse from badge numbers included in those 340 cancelled. This shows if the badges were still in circulation (over the 3-year period) it could result in a considerable loss in parking charges to the Council.
- Other NFI matches have resulted in further cases being opened for investigation which are ongoing.

Operation Challenger

- The Counter Fraud Team not only investigates cases of fraud, but also provides a wealth of advice across the Council to services and to external bodies including immigration and the police.
- A combination of intelligence, skills and powers from the different enforcement agencies are used to prevent and detect fraud within the Borough.

- Currently the following cross-agency teams attend the bi-monthly meeting: GMP – Organised Crime Team; Safeguarding, Intelligence Officers, Bury Council - Fraud; Trading Standards; Private Sector Housing, DWP – Fraud, Probation Service, Immigration Services and the Fire Service.

The Counter Fraud Team have dealt with 35 'police checks' on Bury Council systems, to help the police gather intelligence to tackle crime. These checks include some in-depth requests providing information to combat organised crime which have resulted in the discovery of several large cannabis farms.

The Counter Fraud Team participated in a day of action on 28th June 2023. The day of action resulted in fraud referrals being made in respect of Business Rates. These referrals are still being investigated and there is the possibility that successful results will lead to increased income for the Council in this and future years.

Responsive Investigation Activity

A total of 444 fraud referrals were received during the first 2 quarters of this financial year which include 28 Blue Badge misuse referrals and 43 Right to Buy applications requiring additional checks including Money Laundering checks.

The main sources of these referrals came from the National Fraud Initiative exercise (NFI), NSL Limited (Council's contractor for car parking inspections), Six Town Housing, anonymous referrals and referrals from other members of Council staff.

A number of these referrals do not progress to formal investigation by the team because after initial examination and research there is not enough information to progress the matter.

The team completed one HR investigation which resulted in a final written warning being issued to the Council employee.

Other Counter Fraud Activity

The Counter Fraud Team have continued to deal with fraud work related to COVID-19, including allegations of fraud arising from the Pandemic.

The team have documented the details of their findings which highlights Business Rates accounts which require a review of charges and grant eligibility.

The report outlines 58 Business Rates accounts for review with a potential value of approximately £740,000 in additional Business Rates charges which may need to be recovered and £245,000 in Covid-19 grant overpayments. This information has been passed to the Business Rates Team for review and to take any appropriate recovery action. The Fraud Team will continue to liaise with the Business Rates Team and will bring any further updates on this exercise to future Audit Committees.

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

The Fraud Team undertakes work across the Council and also work in partnership with other agencies, e.g. Greater Manchester Police, to raise the profile of fraud awareness, and undertake investigations where there is suspicion that fraud may have been perpetrated. They also undertake preventative work, examining applications for Council services / benefits where it is known the opportunity of fraud does exist. The workplans cross all areas of the organisation. The team works closely with the Internal Audit Team and highlights areas for inclusion in the Internal Audit Plan. The Fraud Team are able to make recommendations for improvements to be made to systems in place to improve the control of and protect the assets and resources of the Council. The control and mitigation of the loss of funds gives the assurance that public money, is used in an appropriate manner to deliver the Corporate Priorities, in particular that Bury funds are protected to deliver services to Bury residents.

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

The Fraud Team provide assurance to Committee Members and the public that the organisation is preventing and investigating fraud. They work alongside Internal Audit and also ensure the areas they examine are being operated in line with

legislation and in line with agreed policies and procedures which have considered the requirements of the Equality Act 2010.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

N/a – no decision required

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council is a large organisation which has the potential to be targeted by fraudsters who try to divert the assets of the Council for improper gain.	The fraud team undertake both proactive and reactive exercises to prevent fraud and to investigate any alleged incidents of fraud. A zero tolerance to fraud and corruption is in place and where appropriate, internal disciplinary action is taken and / or criminal proceedings take place.

Legal Implications:

The Council must have a sound system of internal control which includes the work of the fraud team having an effective annual plan and regular review of the key policies is good practice to ensure that the Council meets its legal obligations and ensures compliance with the Council's constitution.

Financial Implications:

Whilst there are no direct financial implications arising from this report, the work of the fraud team to prevent, detect fraud and prosecute where fraud is found to have occurred can result in recovery of funds to the Council.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

- Counter Fraud Strategy
- Fraud Plan 2023/24

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
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FAIR Team	Fraud, Audit, Insurance and Risk Team
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