

AUDIT COMMITTEE

16 MARCH 2023

COUNTER FRAUD PLAN 2023-24

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service
(Chief Audit Executive)

Summary

This report presents for approval the Counter Fraud Plan for 2023-24.

1. Budget and policy framework
 - 1.1. Council delegates responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.
2. Background
 - 2.1. Since 1 March 2016 the council's counter fraud activity has been delivered by the Internal Audit & Counter Fraud Shared Service with Medway Council. The Counter Fraud Plan outlines how the service intends to deploy the counter fraud resource for Medway.
3. Counter Fraud Plan 2023-24
 - 3.1. The Counter Fraud plan for 2023-24 has been designed around four keys areas of activity:
 - 3.2. **Fraud Awareness and Prevention** – prevention is better than cure, so there will be resource dedicated to educating staff around fraud risks, what they should be alert to and the role they play in trying to prevent it happening. It is also intended that fraud risk assessments will be completed in key areas of inherent risk to assess the controls and residual risks. Officers will be available to attend corporate working groups to offer advice where fraud risks are being considered as part of ongoing projects.
 - 3.3. **Pro-Active Counter Fraud Activity** – This will involve work to pro-actively identify potential instances of fraud and error and will primarily involve participation in the National Fraud Initiative Exercise and activities co-ordinated by the Kent Intelligence Network, but it may be possible to conduct

internal exercises specific to the fraud risks of the council that not picked up by those larger projects.

- 3.4. **Responsive Investigation Activity** – This will form the largest area of work for the team and will relate to the investigation of alleged fraud / error / malpractice. While officers will primarily be responsible for the investigation of alleged fraud, their skills may be used by HR in the investigation of complex disciplinary matters.
- 3.5. **Other Counter Fraud Activity** – the council has a service level agreement with the Single Fraud Investigation Service to provide information relating to housing benefit claims that they are responsible for investigating. The team also respond to requests for information under the Data Protection Act that are received from the Police and other investigating bodies, including other local authorities. In addition, officers from the team also attend meetings with partner organisations linked to fraud and other criminal activity. While these activities do not directly contribute to the performance of the service, they do require a level of resource, which is why they are included in the plan.
- 3.6. The team's performance measures are outlined in section five of the plan document. It should be noted that many of these measures do not have targets for the outturns and this is because of the largely responsive nature of the service, which dictates where resource must be allocated.
- 3.7. However, it is important to demonstrate where the service has applied its resource and the outcomes achieved. The measures have been expanded for 2023-24 to include details of the number of civil actions and criminal sanctions being applied as a consequence of investigative activity to provide a broader picture of the impact, in addition to the financial savings. Members will receive details of the outturns against all indicators as part of the periodic update reports and the annual counter fraud report.
- 3.8. A copy of the Counter Fraud Plan 2023-24 is presented at Appendix 1.

4. Risk management

- 4.1. The prevention, detection and investigation of fraud contributes to the council meeting its duties under section 151 of the Local Government Act 1972. The Counter Fraud Plan is intended to demonstrate how the council will use its Counter Fraud Resource to best support this duty by identifying and taking appropriate action in suspected and proven instances of fraud, as well as seeking redress.

5. Financial implications

- 5.1. An adequate and effective Counter Fraud function helps to identify fraud and error that could have an adverse effect on the financial statements of the council. Since the inception of the shared service, the financial savings achieved through counter fraud activity have always exceeded the costs incurred. For example, the budgeted costs for counter fraud in 2021-22 were

approximately £134,387 (35% of Medway shared service costs) and financial savings for the year were £898,489, representing good value for money.

6. Legal implications

- 6.1. Section 151 of the Local Government Act 1972 places a duty on local authorities to make arrangements for the proper administration of their financial affairs. The prevention, detection and investigation of fraud contributes to this requirement to ensure that public money is protected from fraud.

7. Recommendation

- 7.1 The Committee is requested to approve the Counter Fraud Plan 2023-24 presented at Appendix 1.

Lead officer contact

James Larkin, Head of Internal Audit and Counter Fraud Shared Service
james.larkin@medway.gov.uk

Appendices

Appendix 1 – Counter Fraud Plan 2023-24

Background papers

None