

Audit Committee

20 March 2025

Counter Fraud Plan 2025-26

Report from: Phil Watts, Chief Operating Officer, Business Support Directorate
Author: James Larkin, Head of Internal Audit & Counter Fraud Shared Service (Chief Audit Executive)

Summary

This report presents the Counter Fraud Plan for 2025-26 for review and approval.

1. Recommendations

- 1.1. The Committee is recommended to approve the Counter Fraud Plan 2025-26 presented at Appendix 1.

2. Budget and policy framework

- 2.1. Council delegates responsibility for the oversight and monitoring the effectiveness of the Internal Audit and Counter Fraud Shared Service to the Audit Committee.

3. Background

- 3.1. 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.

4. Counter Fraud Plan 2025-26

- 4.1. The Counter Fraud plan for 2025-26 has been designed around four keys areas of activity:
- 4.2. **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 reviewed to continue to maintain an accurate fraud risk register. Officers will be available to attend corporate working groups to offer advice where fraud risks are being considered as part of ongoing projects.
- 4.3. **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, but it may be possible to conduct internal exercises specific to the fraud risks of the council that not picked up by larger projects.

- 4.4. **Responsive Investigation Activity** – This is likely to form a large area of work for the team and will relate to the investigation of alleged fraud / error / malpractice.
- 4.5. **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.
- 4.6. The team's performance measures are outlined in section five of the plan document along with an explanation of how these will be monitored and reported.
- 4.7. A copy of the Counter Fraud Plan 2025-26 is presented at Appendix 1.

5. Risk management

- 5.1. 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.

6. Climate change implications

- 6.1. There are no climate change implications in this report.

7. Financial implications

- 7.1. 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. The budgeted costs for 2024/25 for the Counter Fraud elements of the Shared Service are £363,000 with Medway's share of these costs being £269,000. The Round 3 revenue budget monitoring projected an underspend on the shared service as a whole of £58,000. Savings resulting from investigative activity to date total £423,249, representing good value for money.

8. Legal implications

- 8.1. 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.

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 2025-26.

Background papers

None