

Report to:	Audit Panel
Date:	1 February 2024
Reporting Officer:	Carol McDonnell – Head of Assurance
Subject:	Counter Fraud Approach and Update
Report Summary:	To present a refreshed Counter Fraud Approach which includes a Counter Fraud Policy, Strategy and Action Plan (Appendix 1), and a counter fraud update, the refreshed Anti Money Laundering Policy (Appendix 2) and the new Prevention of Tax Evasions Policy (Appendix 3).
Recommendations:	That the report is approved.
Corporate Plan:	Counter Fraud work is linked to the Council's corporate priorities. Counter Fraud activity seeks to support the Council in the delivery of the Corporate Plan.
Policy Implications:	Delivery of an effective counter fraud approach provides assurance that the Council's policy framework is sufficient and operating effectively.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Whilst there are no direct financial implications arising from the report, the counter fraud work is essential in the safeguarding of Council funding to ensure it is only incurred for the intended purpose and for services delivered.
Legal Implications: (Authorised by the Borough Solicitor)	The Local Government Act 1972 (S151) requires that 'every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'. The Council's Chief Financial Officer has been assigned those responsibilities, which are detailed in the Financial Regulations, Procedures and Guidance, contained within the Council's Constitution. This includes the requirement of the Chief Financial Officer to develop and maintain an effective anti-fraud, bribery and corruption documents and internal control arrangements, and to ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
Risk Management:	Delivery of an effective counter fraud approach gives the Audit Panel assurance that fraud risks are being managed.
Background Information:	The background papers can be obtained from the author of the report: Carol McDonnell, Head of Assurance:  Telephone: 0161 342 3231 e-mail: Carol.McDonnell@tameside.gov.uk

1. INTRODUCTION

- 1.1 Tameside Council's (the Council) Counter Fraud approach was in need of review and has now undergone a major refresh to ensure that it is fit for purpose.
- 1.2 The new Counter Fraud approach includes a refreshed Policy and Strategy, together with an Action Plan, which have been drafted with the aim of tackling the threat from fraud, bribery, and corruption.
- 1.3 In support of the Counter Fraud Approach, the following policies have also been refreshed/created:
 - Anti Money Laundering Policy
 - Prevention of Tax Evasions Policy
- 1.4 In addition, an update on Counter Fraud activity is included.

2. THE COUNTER FRAUD APPROACH

The Risks

- 2.1 The amount of public finance the council administers, the diverse services and functions it delivers, and the amount of sensitive information it manages makes it an attractive target for criminals seeking to steal money, data, or corrupt the Council's people and decision making.
- 2.2 The perception of wrongdoing by council officials (officers and members) can be damaging to the organisation so it is essential that all personnel know how to report concerns, declare personal interests which may clash with council business, and be able to recognise where others try to influence the Council's work improperly.
- 2.3 Fraud, bribery, corruption, and wider crime can be committed against the Council by external individuals, for example fraudulent applications for benefits, and from the "insider threat", those who seek to exploit their influence or position for private gain.

The Consequences

- 2.4 Worsening Financial Challenge. Financial losses will increase the challenging financial situation the Council faces.
- 2.5 Service Disruption or Reduction. The Council's community, including vulnerable people, children, and the disadvantaged rely on the Council's services and support, and financial losses directly impact how we can deliver them.
- 2.6 Reputational Damage. Trust in the Council's ability to administer public finances properly and confidence that the Council's decision-making is in the public's interest, is severely damaged when internal corruption can thrive.
- 2.7 Unfair Environment. With corrupt influence there can be no fairness for honest colleagues to thrive and enjoy their work. It also limits the opportunities for honest businesses and partners wishing to work with us.

Counter Fraud Policy

- 2.8 The Counter Fraud Policy sets the Council's stance on fighting fraudulent, corrupt, and unethical behaviour against the Council, its people, and the public we serve. It makes clear what is expected of everyone working for and with the Council and promotes a clear message that fraud, bribery and corruption have no place in the Council's organisation.

2.9 It also makes clear that everyone working for or with the Council is encouraged and will be supported, to call out fraud and irregularities.

Counter Fraud Strategy

2.10 The Counter Fraud Strategy sets out the approach the Council will take in fighting fraud, bribery, and corruption.

2.11 The new approach takes into consideration the Fighting Fraud & Corruption Locally (FFCL) Strategy for the 2020's, which is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility.

2.12 FFCL is a partnership between local authorities and key stakeholders, and the FFCL Strategy for the 2020's provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities, with the support of those at the top.

2.13 The Strategy includes the Five Pillars framework which shows the vital components of an effective and proactive response to the risks:



2.14 The Counter Fraud Strategy is accompanied by a Counter Fraud Action Plan.

2.15 The aim of the action plan is to set out high level actions for the Assurance function to take to embed the new Strategy. The high level action plan will be supported by an operational plan with the aim of delivering on the new approach, and these actions will be subject to regular review and monitoring by the Head of Assurance.

3. OTHER POLICIES

3.1 The Counter Fraud Policy & Strategy is supported by a number of other policies, including the Anti-Money Laundering Policy and the Prevention of Tax Evasion Policy.

Anti-Money Laundering Policy

3.2 The Anti-Money Laundering Policy was last reviewed and approved by the Audit Panel in November 2022.

3.3 No changes have been made to the Policy other than to update job titles to reflect the new Assurance function.

Prevention of Tax Evasion Policy

3.4 The Prevention of Tax Evasion Policy is a new Policy.

3.5 The Policy sets out the Council's approach to ensure compliance with the Criminal Finances Act 2017 and the HM Revenue and Customs Tackling Tax Evasion guidance.

4. THE COUNTER FRAUD UPDATE

4.1 Internal Audit has two Corporate Fraud Investigators who facilitate the co-ordination of the Council's counter fraud activities.

4.2 A summary of work undertaken on unplanned / irregularity / fraud referrals undertaken is provided to the Audit Panel as part of the Internal Audit Progress Report presented in line with the Audit Panel's Work Plan.

4.3 In addition, regular updates are provided to Statutory Officers on a monthly basis, to ensure that Statutory Officers are aware of new and ongoing fraud and irregularity work, and for action to be taken (where appropriate).

4.4 All referrals received are risk assessed to determine what action should be taken, and progress is then monitored to the point of closure of the case.

4.5 The team is currently reviewing data that has been matched by the National Fraud Initiative for the purpose of detection of fraud and error.

4.6 The team also publicise alerts received to the relevant audience, where the Council becomes aware of any new and emerging activity.

4.7 Following approval of the new Counter Fraud Policy, Strategy and Action plan, the current approach will be reviewed and refreshed to ensure that the approach aligns with the new framework.

4.8 The new approach will also include a refresh of the reporting arrangements to the Audit Panel.

2023/24 Activity to Date

4.9 The following provides an analysis of the movement in cases for the last three months (as of 14 December 2023 – to be updated before reporting to the end of December 2023):

Analysis of Case	December 2023
Cases Bfwd (as at 1 April 2023)	60

New Cases (2023/24)	14
Cases Bfwd Closed	45
2023/24 Cases Closed	9
Total Open Cases	20

4.10 Of the 74 cases dealt with this year, 49 were investigations with the remaining 25 being cases that relate to services requiring assistance.

4.11 There are currently 20 open cases. The breakdown of open cases for the last four months by fraud type is as follows:

Type of Fraud	December 2023
Adult Social Care	4
Business Rates	2
Children Social Care	1
Council Tax	10
Disabled	1
Grant	1
Other	0
Procurement	1
Total	20

5. RECOMMENDATIONS

5.1 As set out at the front of the report.