



**Gloucestershire**  
COUNTY COUNCIL

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City Council

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COUNCIL

Gloucestershire  
COUNTY COUNCIL



# **ANNUAL REPORT OF THE COUNTER FRAUD TEAM 2023-24**

## **July 2024**

# CONTENTS

<b>Section</b>	<b>Page</b>
<b>1. Introduction .....</b>	<b>3</b>
<b>2. Priority Workstreams.....</b>	<b>3</b>
<b>3. High Level Workstreams .....</b>	<b>4</b>
<b>4. Conclusion .....</b>	<b>5</b>
<b>5. Gloucestershire County Council Action Plan for 2024-25 .....</b>	<b>7</b>
<b>6. Appendix: Local Government Transparency Code Return.....</b>	<b>13</b>

**1. Introduction**

- 1.1 The ARA Counter Fraud Team (CFT) provides a strategic and tactical counter fraud function to Gloucestershire County Council and Gloucester City Council (“the partners”) and to Ubico Limited (“the client”).
- 1.2 The CFT demonstrates to the Council that it is efficient, effective and provides value for money via its reporting obligations to the Audit and Governance Committee. It has the expertise and experience to investigate all frauds or irregularities to an appropriate outcome. It operates within the commensurate legislation and through the powers and responsibilities set out within the financial regulations section of the Council’s Constitution.
- 1.3 This report reviews the CFT’s activity across 2023-24. It also outlines the CFT’s anticipated workstreams in 2024-25. All activity is subject to change depending on extant investigations which must necessarily take priority, or as directed by GCC.

**2. Priority Workstreams**

Workstream	
Corporate fraud investigations*	All internal staff and contractor fraud. All external threats to the partners and client including procurement fraud and bribery. * in line with the CFT Case Acceptance Criteria and Matrix, and subject to an agreed Terms of Reference.
Other investigations	Any referred allegations of fraud, corruption, bribery, and error: including (but not limited to) grants, social care, and National Fraud Initiative (NFI) matches referred by service delivery teams. Any fact-finding investigations referred by HR. Any debt recovery and debtor tracing investigations.

2.1 In 2023-24, the CFT investigated:

**36 new referrals relating to GCC**

15	Referrals resolved following triage, initial investigation, provision of advice
5	Referral remains open for initial investigation
16	Referrals converted into cases (full investigation under Terms of Reference)

**25 cases worked on (including carried forward from previous years)**

10	2023-24 cases started and resulted (closed) in-year
6	2023-24 cases started and remain open under active investigation
5	Prior year cases resulted and closed in-year
4	Prior year cases remain open under active investigation

2.2 In 2023-24, the CFT targeted eight of its cases from either the current or previous years for financial recovery. The CFT successfully recovered £151,886,49 in-year. This includes £132,434.43 plus significant unreported monthly savings from a single Deprivation of Assets investigation within Adult Social Care (ASC).

Cases	Value	Recovered	%
8	£163,776.41	<b>£151,886.49</b>	<b>92.7</b>

2.3 CFT investigations also enabled the Council to defend payments worth at least £40,601.60. Of that figure, £37,101.60 relates to two cases of supplier under-performance and fraud, within ASC and Childrens Services respectively. Three further cases were linked to the Household Support Fund (family hardship grant).

Cases	Value	Defended	%
5	£40,601.60	<b>£40,601.60</b>	<b>100</b>

2.4 The CFT has collated full 2023-24 data relating to Council-wide counter fraud work in the Appendix to this report, in compliance with annual Transparency Code returns.

2.5 A further £20,500 relating to irregularities detected in the 2023-24 financial year have already been recovered by CFT in 2024-25.

2.6 It should be noted that not all investigations (for example conduct, compliance and ethics issues) can have an assessed value attached to them or result in the recovery of monies. CFT investigations, analytics and consultative work may add value in other ways such as providing assurance to members and residents, reducing Council vulnerabilities and mitigating risk.

2.7 In addition to the above, the CFT routinely provides informal and ad hoc counter fraud advice outside of the creation of cases and referrals.

### 3. High Level Workstreams

2.8 In 2023-24 the CFT also conducted counter fraud activity under the following workstreams:

Workstream	
Policy development and review	All fraud related policies, guidance, working procedures and processes. For example, the Counter Fraud Strategy has been updated and the CFT continues to feed into and evolve the Council’s whistleblowing provision.  The CFT ensured that all policies reflect best practice and legislative requirements while also meeting GCC objectives.
Fraud Risk Management (FRM)	The CFT led GCC’s FRM activity and conducted ongoing research into its risks and controls. It launched the new

	<p>FRM framework including a new 'live' register. This will be rolled out to ARA's partners in the 2024-25 financial year.</p> <p>The CFT promoted targeted Fraud Risk Assessments (FRA) utilising data analytics, workshops, or simply by providing formal or informal advice. We would encourage teams with uncertain, emerging or trending fraud risks to approach the CFT directly so we can create bespoke FRA solutions which mitigate their specific risks.</p>
<p>Fraud alerts and intelligence</p>	<p>The CFT shared targeted and relevant information about the latest fraud news, trends, risks, and mitigations.</p> <p>The CFT gathered fraud intelligence from its professional membership of formal and informal networks, and other reputable public and private sector organisations.</p> <p>The CFT continues to play a leading role in Multi Agencies Against Fraud (MAAF) which coordinates counter fraud activity between major regional organisations including Gloucestershire Police.</p>
<p>Fraud awareness and training</p>	<p>The CFT produced bespoke training presentations or workshops on various targeted fraud topics. This included but was not limited to fraud awareness, licencing, undertaking Interviews Under Caution, Contract and Procurement Fraud Awareness. They continue to be available upon request.</p> <p>The CFT provided targeted communications for International Fraud Awareness Week and a seasonal campaign around frauds prevalent around Christmas.</p>
<p>Fraud advice and support</p>	<p>The CFT supported GCC in the following ways:</p> <p>Investigative support; and advice on fraud risk, compliance, prevention, detection, money laundering, and other criminal activity as well as misconduct and misuse of public funds.</p> <p>In all cases the CFT considered and, if appropriate, recommended actions such as disciplinary, asset or financial recovery, internal investigation, criminal proceedings or law enforcement referral.</p>

**4. Conclusion**

- 2.9 The CFT provided a robust and effective counter fraud service to GCC throughout 2023-24. This included putting in place building blocks such as the new Fraud Risk Management (FRM) framework and Counter Fraud Strategy which will underpin future workstreams.
- 2.10 In 2024-25, the CFT will build on this strong foundation with an emphasis on increased CFT visibility and upskilled and fraud aware GCC teams who are able to identify and act decisively on areas of potential fraud.

## 5. Gloucestershire County Council Action Plan for 2024-25

2.11 This plan is based on the five pillars within the Fighting Fraud and Corruption Locally Strategy. It draws on risk areas identified within the Council from referrals, investigations, whistleblowing, audits, fraud risk assessment (FRA) and fraud risk management (FRM) activity and from credible external sources, for example Action Fraud, National Anti-Fraud Network (NAFN) and CIFAS.

### **FFCL Pillar - Govern**

Robust arrangements and executive support ensure anti-fraud, bribery and corruption measures are fully embedded and working.

Area	Objective	Method	Outcome
CFT processes	Conduct annual review of counter fraud policies and procedures.	Planned schedule of policy reviews.	All CFT policies and procedures are current, compliant and fit for purpose.
Policies and Strategies	Ensure that the CFT has, and maintains, appropriate policies for all ARA partners and clients.	Monitoring extant policies and wider changes in legislative, regulatory and industry best practice.	All CFT policies are current, compliant and fit for purpose.
Case Management	Ongoing maintenance of DTX case management system (was OPUS).	Maintain CFT's DTX case management system.	Effective and efficient secure case management system.
Stakeholder Management	Relevant parties are provided with salient updates.	Committee reporting; stakeholder engagement; investigation progress updates.	The right people know the right information at the right time.
Whistleblowing processes	Improve Whistleblowing processes	Continued participation in the GCC Whistleblowing Working Group.	A streamlined and cohesive approach to receiving, managing and actioning whistleblowing allegations.
Fraud Risk Management (FRM)	Fraud risk is appropriately assessed and actioned across GCC.	Update fraud risks, controls, and owners as per the current FRM framework.	Fraud Risk Registers (FRR) reflect the most up to date and relevant business risks.
Training	Maintain the professional expertise of CFT staff.	Identifying and attending relevant training courses and webinars.	CFT skillset is relevant and up to date. It keeps abreast of emerging risks and fraud trends.

**FFCL Pillar - Acknowledge**

Accessing and understanding fraud risks | Committing the right support to tackling fraud and corruption | Demonstrating a robust anti-fraud response | Communicating the risks to those charged with governance.

Area	Objective	Method	Outcome
Fraud Awareness	Promote counter fraud policies, risks, controls and any developing trends to increase awareness.	International Fraud Awareness Week (IFAW); strategic communications.	Increased visibility of a proactive CFT. Aware and engaged staff. Strong counter fraud culture.
	Deliver fraud awareness training amongst officers and members.	Design and delivery of bespoke training sessions and Fraud Risk Assessments. Cascade training points and intelligence received by the CFT.	Session(s) delivered that meet an identified or requested need or raise awareness of current or emerging risks.
	Support the Council at appropriate strategic and delivery meetings.	Identify the most appropriate meetings for CFT to attend; leveraging the activity of ARA senior leaders and Principal Auditors.	CFT or ARA representation at GCC meetings including but not limited to Audit and Governance Committee.
Fraud Risk Management	Ensure fraud risk is fully considered across ARA.	Feed into the annual ARA Internal Audit planning process for 2025-26.	Risk-based Internal Audit Plan that has due consideration of strategic fraud risk.
	Ensure fraud risk is fully considered across GCC.	Offer and promote FRA options. Promote Fraud Risk Register. Engage with risk owners and champions.	Increased FRA requests. Increased use of and reference to the FRR. New FRM framework embedded within the Council.
External Reporting	Ensure all strategic and compliance reporting is transparent and completed on time.	Fulfil all central government reporting requirements such as Transparency Data. Contribute to industry and government consultations. Respond to FOI requests.	Compliance and due diligence. Mandatory data is published and/or provided in a timely manner.

**FFCL Pillar - Prevent**

Making the best use of information and technology | Enhancing fraud controls and processes | Developing a more effective anti-fraud culture | Communicating anti-fraud activity and successes.

Area	Objective	Method	Outcome
Communication	Deliver fraud comms in line with CFT communications strategy.	Horizon scanning re: case studies, innovations and successes relevant to local government. Publication of regular Counter Fraud articles. Promotion of International Fraud Awareness Week.	Increased awareness of the Council’s approach to fraud. Increase the profile and visibility of the CFT across the Council.
Intelligence Alerts	Issue fraud and scam alerts from reliable sources such as CIFAS and NAFN in a timely manner.	Provide appropriate and targeted real-time fraud alerts to the relevant partners and clients. Reactive and proactive internal alerts provided to relevant teams.	Raise the profile of the Council’s Anti-Fraud culture, controls and risks.
Signposting	Ensure that referral routes are promoted and accessible.	Produce and maintain GCC fraud webpages. To include interactive links to relevant GCC policies and reporting routes.	New counter fraud intranet pages.
Whistleblowing	Whistleblowing promotion	Include direct hyperlinks to the whistleblowing online form and other whistleblowing routes in all relevant locations.	Increased awareness of the GCC whistleblowing framework.
Fraud Risk Management	Annual Fraud Risk Assessment (FRA) exercise.	Develop and conduct a targeted fraud risk assessment as identified by CFT or requested by GCC..	Identify weakness and improve internal controls in target area.
Control Measures	Provide an advisory service.	Encourage service areas, directorates and ARA Portfolio leads to approach the CFT for advice and guidance in relation to potential irregularities, fraud risks and assistance with new procedures, policies and processes in service areas, to mitigate fraud risks.	Increase the visibility of CFT, resulting in increased referrals and use of the function.
	Strengthen the internal control environment.	Any suspected or significant control weaknesses or fraud risks that are identified by an investigation, audit, data analytics work or annual/ad hoc FRA are subject to an ARA report and recommendations.	Recommendations agreed, monitored and actioned.



Area	Objective	Method	Outcome
Risk Escalation	Ensuring that newly identified risks and control failures are effectively communicated to people in a position to act on them.	Liaising and sharing information with ARA auditors and Risk Owners (fraud risk registers) where appropriate.	Stakeholder management plan. ARA working groups to review internal escalation processes
Data Analytics	Maximise investigative opportunities from internal data matching and data analytics.	Utilise internal data matching to develop more data led proactive investigations. To be achieved using tools such as GBG investigate and Idea.	Broadened relationships with data owners and strategic partners to access the data useful for analytics and investigations.
National Fraud Initiative (NFI) Data Matching	Maximise investigative opportunities from NFI's annual exercise.	Co-ordinate the Council's upload obligations regarding the NFI's annual and biennial data matching exercises.	Potential frauds are identified at an early stage with appropriate actions then taken to recover any monies owed to the Council through the use of sanctions.
	Support the Council's processing of returned NFI data matches.	Provision of advice on ad hoc matches. Investigation of matches referred to CFT. Decisions on civil penalties where appropriate.	Efficient NFI response that maximises investigative opportunity.
	Support NFI council tax matches within GCC partners given GCC is the major recipient of this income.	Provision of advice on ad hoc matches. Co-working with partners to ensure correct billing and collection.	Increased Council Tax revenue.

**FFCL Pillar - Pursue**

Prioritising fraud recovery and civil sanctions | Developing capability and capacity to deter offenders | Collaborating across geographical and sectoral boundaries | Learning lessons and closing the gaps.

Area	Objective	Method	Outcome
Investigation	Conduct successful investigations.	Investigate suspected frauds, subject to an agreed Terms of Reference. Effectively pursue fraudsters by risk assessing and reacting to all instances of internal and external fraud, corruption, or bribery.	Investigations compliant with legislation and effective. Risks identified, assessed, assigned, reported and controlled. Reputation protected. Fraudsters pursued.
	Ensure appropriate investigation outcomes.	Identify and utilise the most expedient methodology to secure best evidence and resolve allegations of fraud.	Appropriate sanction(s) applied.
Recovery	Initiate financial investigations under the Proceeds of Crime Act	CFT will engage Trading Standards Financial Investigators to assist investigations, where appropriate. Other recoveries may be made through salary sacrifice or invoicing. .	Recoveries made where possible, ensuring that no person profits from their criminal conduct.
	Coordinate debt recovery on investigations where fraud is detected.	Liaison between relevant Council services upon conclusion of a CFT investigation with sufficient evidence base.	GCC departments supported to recover their own debts. Financial penalties or criminal sanctions sought where appropriate.
	Mitigate Council losses via NFI.	Leadership on NFI matches via investigation and recommendations where appropriate.	CFT decisions on civil penalties to deter fraud and error. Maximise the tax base through NFI.
National Fraud Initiative (NFI)	Lead GCC's NFI participation in the biennial and annual data matching exercises.	<ul style="list-style-type: none"> <li>• Co-ordinate NFI data uploads for GCC.</li> <li>• Assist teams planning their match review strategy; and</li> <li>• Advise/assist/investigate referred matches from inside or outside GCC.</li> </ul>	Upload compliance. NFI data matches are actioned in a timely fashion. NFI matches referred to the CFT where fraud is suspected.

Area	Objective	Method	Outcome
Investigation Techniques	Provide PACE interview training upon request.	The CFT has produced a one-day Interview Skills workshop which is available to any GCC staff who undertake investigative interviews: HR, enforcement staff, etc.	Upskilled GCC staff
	“Case management” training available upon request.	The CFT has produced a one-day Case Management workshop which is available to any GCC staff who are required to prepare case details for use in court	Upskilled GCC staff capable of organising their investigation(s) for use in court.

**FFCL Pillar - Protect**

Recognising the harm that fraud can cause to partners, clients and in the community | Protecting partners, clients and communities from fraud, bribery, corruption, and irregularity.

Area	Objective	Method	Desired Outcome
All	Actions from the preceding pillars will ensure that every element of the ‘protect’ pillar are duly considered and addressed.		

### **3. Appendix: Local Government Transparency Code 2015 – Fraud Data 2023/24**

#### **Introduction**

This Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision-making process and help shape public services.

Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets.

#### **Detecting and preventing fraud (taken from Annex B of code)**

Tackling fraud is an integral part of ensuring that taxpayers' money is used to protect resources for frontline services. In 2020, the cost of fraud to local government was estimated by the 'Fighting Fraud and Corruption Locally' strategy as £2.1 billion a year, although it was thought to be underestimated at the time.

In 2017 the Annual Fraud Indicator produced by Crowe Clark Whitehill, in collaboration with Experian and the Centre for Counter Fraud studies at the University of Portsmouth, estimated that the true figure may be as high as £7.8bn from a total of £40.4bn for the public sector as a whole.

Every pound lost to fraud is a pound not spent on supporting local communities and is money that can be better used to support the delivery of front-line services and make savings for local taxpayers.

A culture of transparency should strengthen counter-fraud controls. The Code makes it clear that fraud can thrive where decisions are not open to scrutiny and details of spending, contracts and service provision are hidden from view. Greater transparency, and the provisions in this Code, can help combat fraud.

New Council-wide fraud and irregularity activity relating to 2023-24 including Internal Audit activity:

Question	Gloucestershire County Council Response
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.	0
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.	The Council has access to 3 accredited counter fraud specialists / investigators (2.7 FTE).
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.	The Council has access to 3 accredited counter fraud specialists / investigators (2.7 FTE).
Total amount spent by the authority on the investigation and prosecution of fraud.	Approximately £47,052 in staff time from ARA.
Total number of new fraud cases investigated.	23
Total number of new irregularity cases investigated.	81

In addition to the minimum publication requirements set out above, it is recommended that local authorities publish additional information using the table below:

Question	(a) Fraud	(b) Irregularity
Total number of occasions on which a) fraud and b) irregularity was identified.	14	75
Total monetary value of a) the fraud and b) the irregularity that was detected.	£180,462.28	£104,161.36
	<b>Total: £294,944.84</b> Excludes cases where value is currently not known. Excludes cases reported in previous financial years.	
Total monetary value of a) the fraud and b) the irregularity that was recovered	£189,922.09	£26,119.61
	<b>Total: £216,041.70</b> Includes 23/24 recoveries related to previous years. Excludes agreed repayment plans due in 2024/25 onwards.	