



Governance Scrutiny Group

Thursday, 29 June 2023

Annual Fraud Report 2022/23

Report of the Executive Manager - Finance and Corporate Services

1. Summary

The purpose of this report is to summarise the incidence of fraud and fraud prevention activities at Rushcliffe Borough Council (“the Council”) during the year 2022/23.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes the Annual Fraud Report for 2022/23 and that the Council should carry out a Fraud Risk Assessment in the next 12 months.

3. Reasons for Recommendation

- 3.1 To provide an annual update to the Governance Scrutiny Group regarding the Council’s fraud prevention environment and report on any frauds, if identified.
- 3.2 This report has been prepared by BDO LLP (“BDO”) to summarise the fraud prevention and detection activities undertaken by the Council. For the avoidance of doubt, BDO has not undertaken a full fraud risk assessment or audited any information provided to it (as summarised within this report) by the Council’s officers. That said when BDO do undertake other audit work if a fraud is suspected or identified, then it would be investigated; and reported to Governance Scrutiny Group if a fraud was proven. Their detailed report is appended with no frauds identified.

4. Supporting Information

- 4.1 The Appended report highlights the current landscape regarding fraud and the public sector. The Public Sector Fraud Authority (“PSFA in its 2022 annual report, entitled ‘Cross- Government Fraud Landscape’ highlighted, amongst other things, that:
 - (a) Detected fraud rose from £227m in 2019/20 to £243m in 2020/21 and detected fraud and error rose from £310m in 2019/20 to £525m in 2020/21, with the difference between fraud and error being whether a department or public body has established the intention of the action to a

balance of probabilities standard;

(b) A key driver in the increasing fraud statistics was found to be fraud identified in pandemic related spending;

(c) The undetected estimated level of fraud and error in 2020 was equal to between 0.5% and 5.0% of public expenditure.

4.2 Part of the level of detected fraud in the public sector arises from the National Fraud Initiative (“NFI”) exercises, which this Council is actively involved with. Further commentary is covered in **Section 7** of the report.

4.3 **Section 10** of the report highlights Covid related grants have reduced and consequently there has been no further work. That said during the year a number of returns have been requested by Government with a view to verifying the legitimacy of the expenditure. No issues have been identified or reported by Government.

4.4 **Section 11** of the report does highlight the need for a Fraud Risk Assessment which the Council intends to undertake in the next 12 months.

5. Other Options Considered

Not Applicable.

6. Risk and Uncertainties

6.1 If recommendations are not acted upon there is a risk internal controls are weakened, and the risk materialises.

The Council’s assessment of the implications of this report

Financial Implications

6.2 There are no financial implications associated with the recommendations to this report.

Legal Implications

6.3 There are no legal implications associated with the recommendations to this report.

Equalities Implications

6.4 There are no equalities implications associated with the recommendations to this report.

Section 17 of the Crime and Disorder Act 1998 Implications

- 6.5 There are no Section 17 implications associated with the recommendations to this report.

7. Link to Corporate Priorities

Quality of Life	The detection and subsequent investigation of fraudulent activity supports the Council's ability to deliver services across its priority areas.
Efficient Services	
Sustainable Growth	
The Environment	

8. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes the Annual Fraud Report for 2022/23. and that the Council should carry out a Fraud Risk Assessment in the next 12 months.

For more information contact:	Peter Linfield, Executive Manager - Finance and Corporate Services plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices:	BDO Annual Fraud Report 2022/23