

In partnership with



## Appendix B

# Herefordshire Council

## Counter Fraud Update

**Internal Audit ■ Risk ■ Special Investigations ■ Consultancy**

Unrestricted

## Overview:

A joint quarterly fraud update is provided to the committee from Herefordshire Council's Counter Fraud Department and SWAP Internal Audit.

An annual fraud report is provided to the committee each year by the Council's Counter Fraud Manager.



## Quarterly Fraud Update

### National Fraud Geographic - Summary Update

**Invoice scams lead to more business losses than any other type of fraud.**

New data from Barclays, shows 55% of the money lost to scammers between December 2021 and February 2022 was lost through invoice scams.

**The Cost of living crisis and the ongoing Ukraine /Russia Conflict** are continuing to fuel the increased fraud risk nationally.

In 2022, **fraud now accounts for 40% of crime in the UK**, according to the Police Foundation. Costing public services, businesses, and individuals hundreds of billions of pounds per year. The offence has increased nearly 20% as a direct result of the pandemic (Office of National Statistics).

**Large energy providers issue more warnings.**

Customers of large energy providers have all been issued an urgent warning amid a rise in meter scams which has conned almost 200,000 people.

The scams involve being offered "cut-price energy" for those people who use pre-payment meters. Criminals use cloned keys to top up energy credit illegal. People are offered a cut price deal on their doorstep e.g., £50 of electricity top up for a cash payment of £25. However, energy companies detect that they have not received payment for energy used and the customer ends up paying for the energy twice.

## Purpose:

To help raise awareness of the fraud risks on a National geographic level and to provide the committee with a quarterly summary update on corporate fraud prevention work undertaken across the Council.

*There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.*

- *Fighting Fraud Locally, 2020*



## Quarterly Fraud Update



### SWAP Fraud Alerts



#### **Impersonation of a member of staff relating to a fraudulent payment request attempt.**

One of SWAPs partners CFO's received an email purported to be from a member of the Leadership Team requesting the payment of an invoice. Email was received in the junk box and the email address was not related to the organisation. However, the alias used in the 'from' box is an existing member of the Leadership Team. It is therefore believed that this was a deliberate attempt to impersonate a member of staff.

### Actions/ongoing work

- The Council's Counter fraud risk assessment was completed in 2021/22 and will inform the planning processes for the 2022/23 Internal Audit Plan to assist in the ongoing monitoring and review of counter fraud controls. This fraud risk assessment will be maintained as a live document fed by intelligence, instances of fraud and internal audit actions.
- The Counter Fraud Manager (CFM) continues to assist the Finance, Revenues and Adult Social Care departments across the Council in counter fraud prevention and investigation work. This has now extended to the Delegated Grants and Insurance teams.
- The CFM sat on the decision panel for the recruitment of a new assurance role within the delegated grants team, and is part of Delegated Grants working group, which will aim to provide a clear oversight of the grants distributed across the Council services and develop grant assurance capabilities.
- Covid Business Grant Assurance reporting to central government remains ongoing, with reconciliations, random audit sampling, and debt recovery work being finalised in 2022.
- The Council has now joined CIFAS membership. (Credit Industry Fraud Avoidance System). CIFAS is a fraud prevention database which has over 600+ members within the private sector, insurance, banking institutions and local authorities. The CFM has been and continues to work with services across the Council to integrate the system, with the aim of implementing the system in as many functional areas as possible in the coming months, to increase prevention and detection of fraud.
- The Council's counter fraud department provided anti-fraud guidance and support on the panels for the 'Energy Rebate' Scheme and the 'Homes for Ukraine' scheme.
- A new Anti-Fraud, Bribery and Corruption Policy has been created and approved by the committee.