Birmingham City Council

Report to Audit Committee

26 March 2025

Title:	**INTERIM COUNTER FRAUD UPDATE REPORT**
Lead Member:	Councillor Rob Pocock, Cabinet Member for Transformation, Governance and HR
Relevant Overview and Scrutiny Committee:	Not Applicable
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	Not Applicable
Report Author:	John Preston, Group Auditor - Corporate Fraud john.preston@birmingham.gov.uk
Authorised by:	Mohammed Sajid, Assistant Director (Deputy Section 151 Officer) Finance and Governance
Is this a Key Decision?	No Forward Plan Reference: Not Applicable
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late and confirm who has authorised it to be considered:	Not Applicable
Is this decision eligible for 'call in?'	Not Applicable
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not Applicable

Wards: Not Applicable

Does this report contain exempt or confidential information? No

1 EXECUTIVE SUMMARY

1.1 The attached report, Appendix A, provides an update on counter fraud activities undertaken.

2 COMMISSIONERS' REVIEW

2.1 This is a useful interim counter fraud report. We would encourage that the results of the NFI data matching follow up work is reported in full to the Committee when the final report is produced i.e. the report includes the results of the follow up work undertaken elsewhere in the Council. Commissioners support the risk-based approach taken to the data matching work.

3 RECOMMENDATIONS

That the Committee:

3.1 Note the report and update.

4 KEY INFORMATION

Context

4.1 It is difficult to measure the level of fraud against the Council. Not all fraud is formally reported; some will go undetected, and some will be prevented.

4.2 The Council operates a zero-tolerance approach to fraud and Birmingham Audit is tasked with the investigation of suspected fraud and error.

4.3 The Council's overall stance on fraud is based around the three key pillars of 'Prevent', 'Pursue' and 'Protect' and is set within the Anti-Fraud and Corruption Policy, Fraud and Corruption Response Plan and the Whistleblowing and Serious Misconduct Policy.

4.4 Social Housing and Council Tax continue to be regarded nationally as being high risk areas for fraud within local government. Our primary objectives have always been to prevent fraud and error entering the Council's systems and to detect and investigate instances of fraud and error.

4.5 During the year, we have continued to receive an increased number of referrals relating to salary overpayments. The circumstances surrounding each overpayment are investigated to verify that the payments were not fraudulent, and that appropriate management action has been considered.

4.6 Our Data Warehouse, which pulls datasets from multiple different Council databases, into one, searchable system continues to be an essential tool in our fight against fraud and error. We are currently working to implement a new, modern cloud-based data warehouse that will extend our ability to undertake data matching activities and allow investigators across the Council to access intelligence out in the field.

4.7 The National Fraud Initiative (NFI) is a mandatory data-matching exercise undertaken by the Cabinet Office, which matches a variety of data across public bodies for the purpose of identifying fraud and error. The latest 2024/25 exercise began in October 2024 when the Council passed its main data extract to the Cabinet Office. The Cabinet Office achieved a faster turnaround than in previous years, and the initial tranche of 19,574 matches was returned late December 2024.

4.8 We continue to work on reinforcing the message of 'zero tolerance' through prevention, detection and deterrence. Where fraud is identified, we will implement appropriate sanctions, including financial penalties and/or criminal prosecution.

5 RISK MANAGEMENT

5.1 Risk management is an important part of the internal control framework which is key to preventing fraud and error.

5.2 The programme of work to rebuild risk management will be key in developing and maintaining the Internal Audit plan. It will lead to a greater visibility and a more in depth understanding of risks including those relating to fraud.

6 MEMBER ENGAGEMENT

Ward Councillor(s)

6.1 Not Applicable

Overview and Scrutiny

6.2 Not Applicable

Other

6.3 Not Applicable

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 There are no direct financial implications arising from the recommendations in this report. However, failure to prevent fraud could have an adverse impact on the Council's financial position. Weaknesses in controls could also result in unnecessary costs being incurred.

Legal

7.2 Under the Accounts and Audit Regulations 2015 a relevant authority must maintain appropriate systems and measures to enable the prevention and detection of inaccuracies and fraud, and the reconstitution of any lost records.

Equalities

7.3 There are no equality implications from the subject of this report.

Procurement

7.4 There are no direct procurement implications arising from this report.

People Services

7.5 There are no direct staffing implications arising from the recommendations in this report.

Climate Change, Nature and Net Zero

7.6 There are no climate change, nature and net zero carbon implications arising from the recommendations in this report.

Corporate Parenting

7.7 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendations in this report.

Other

7.8 There are no other implications arising from the recommendations in this report.

8 APPENDICES

8.1 APPENDIX A – INTERIM COUNTER FRAUD UPDATE REPORT 2024-25.

9 BACKGROUND PAPERS

9.1 There are no background papers