

Thurrock Council

Independent investigation into governance concerns surrounding the operations of NATIS, a department of Thurrock Council

18 March 2024

Final Report



Thurrock Council
Released



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Dear Asmat, Stephen and Claire,

I am delighted to present this report ("**Report**") setting out the independent investigation ("**Investigation**") commissioned by Thurrock Council ("**TC**") and undertaken by the Investigations & Compliance team at Mazars LLP ("**Mazars**", "**we**") into potential governance and financial issues at the National Investigation Service ("**NATIS**").

We would like to express our thanks to all of the people to whom we spoke for giving us their full cooperation and assistance throughout our work.

Our services were performed and this Report has been developed in accordance with our signed engagement letter dated 15 November 2023 and are subject to the terms and conditions included therein. The procedures that were performed as part of our Investigation do not constitute an audit, and should not be relied on as such. None of the observations contained within this Report constitute any legal opinion or advice.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available to us during the Investigation. Accordingly, changes in circumstances after this date could affect the findings and conclusions outlined in this Report.

Our Report is set out in the following sections:

- Executive Summary;
- Interviews;
- Evolution of NATIS and the BEIS contract;
- Financial Review of NATIS;
- Review of Secondments;
- Other items considered; and
- Appendices.

We shall be pleased to discuss the observations set out in this Report with you. Should you have any queries regarding this Report, please do not hesitate to contact me.

Yours Sincerely

Nigel Layton

Partner, Investigation & Compliance Services

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1

Executive Summary

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1 – Executive Summary (1/2)

Engagement

Mazars was engaged by TC to investigate governance and financial issues identified at NATIS, a department of TC. We were instructed to perform this work as an acceleration of internal audit plans in light of issues identified at NATIS. Please see Appendix A, which displays relevant excerpts from our Engagement Letter.

Overall Findings

The key objective of this investigation was to determine whether appropriate governance arrangements were in place within NATIS. We aimed to understand how NATIS developed over time, reaching its current form of operating with little to no oversight from TC, as well as without a formal contract in place with its largest client.

Based on the information and explanations provided to us in interviews, we have found that NATIS operates under very limited governance arrangements, certainly in breach of normal arrangements expected to be in place at a department of TC. This represents a failure of leadership by the previous Directors Board (“DB”) at TC and leadership at NATIS. At the time of this investigation, governance arrangements put TC, and TC taxpayers, at risk, as there are ongoing legal issues with work performed and the possibility of a large redundancy liability for TC at the end of the current workstream.

Overall, the findings of the Mazars review of NATIS resonate strongly with the findings of the May 2023 Thurrock Council Best Value Inspection (“BVI”) Report.

Governance

- NATIS has been operating with inappropriate independence from TC;
- NATIS has not actively sought to be formally governed by TC, nor has TC sought to enforce appropriate and standard governance upon NATIS before the Section 114 notice (“S114”) was issued in late 2022;
- The previous DB at TC demonstrated a lack of corporate responsibilities in its treatment of NATIS. This resulted in NATIS operating in a manner distinct from other units of TC, with little or no corporate oversight;
- NATIS was led as if it were an independent business, with NATIS leadership neglecting to submit NATIS to proper TC governance and accountability arrangements, as well as providing insufficient information to elected members

regarding NATIS activities;

- The inappropriately independent leadership of NATIS was tacitly endorsed by the TC DB in view of the accounting surplus generated for TC by NATIS; and
- We have been provided with the February 2018 internal report proposing the formation of NATIS but have not been provided with evidence of a formal sign-off by the DB or TC Cabinet. Approval was possibly given verbally. It was noted in interviews that the previous DB at TC approved NATIS’s expansion to accommodate the contracts with the Department for Business, Energy & Industrial Strategy (“BEIS”) (subsequently with the Department for Business and Trade (“DBT”).

NATIS’ work for BEIS / DBT

- NATIS is currently reliant on DBT Coronavirus (“Covid”) Bounce Back Loans (“BBL”) work for its entire funding / income;
- There is currently no signed contract in place with DBT, and as such NATIS is operating at risk;
- At the time of review, almost all secondment agreements that seconded NATIS-focused TC staff to BEIS / DBT were expired, as well as their legal constitution not being secure in the absence of a formal contract. In practice the secondments continued, which presented legal issues in relation to the use of formal powers by NATIS investigators;
- We have been informed that since the outset of this investigation DBT and NATIS / TC have worked to retrospectively formalise all secondment agreements. These have not been provided to us for review;
- It appears that NATIS / TC have been engaged directly by BEIS / DBT throughout their working relationship. We have reviewed a tender submission document for Counter Fraud Services sent from NATIS to BEIS in October 2021, however we have not received for review a request to tender received by NATIS, nor a list of participants invited to tender for the work. It is not clear whether the continuing work by NATIS for BEIS is performed with reference to this tender submission document; and
- Currently it appears that BEIS / DBT act as a conduit for HM Treasury (“HMT”) funding for NATIS announced in the Spring Statement 2022.



1 – Executive Summary (2/2)

NATIS' performance and future

- Beyond the DBT BBL work, which appears, despite the lack of contract in place, likely to continue until March 2025, there is no future work secured for NATIS;
- We have been provided with draft terms of reference for a review of NATIS's work on this contract by the Public Sector Fraud Authority ("PSFA") on behalf of DBT. This is with reference to NATIS underperforming in relation to Key Performance Indicators; and
- The redundancy liability, in the event that all current NATIS-focused TC staff are made redundant around March 2025, is likely in the range of £1,200,000 to £1,550,000, based on draft calculations prepared by the TC Human Resources ("HR") team. We recommend that a detailed and complete review of this calculation is undertaken to quantify this liability with as much accuracy as possible.

Financial review

- Mazars reviewed NATIS general ledger income statement accounts in the periods 2020/21, 2021/22 and 2022/23;
- We have found no indication of accounting misstatements or irregularities, however, there is evidence of financial mismanagement;
- Through our analytical review, it appears that budgeting of these accounts has often been inadequate, with many cost codes incurring amounts much larger than the budgeted amounts;
- NATIS operated without sufficient reference to TC procurement policies, with breaches and inappropriate payment arrangements noted;
- TC did not recharge NATIS for any overheads where they were incurred by TC on behalf of NATIS; and
- Documents provided to Mazars suggest that TC are owed just over £500,000 by Southend-on-Sea Council ("SSC") in relation to work performed by the Counter Fraud and Investigations Department ("CFID"), a precursor to NATIS. TC should explore the recoverability of this debt.

Key Recommendations

- Develop a contract and appropriate governance arrangements between NATIS / TC and DBT as soon as practicable to formalise the current working relationship up until March 2025;
- Ensure that all secondments are formalised and remain so, in line with the 17 January 2024 letter from DBT to NATIS. Additionally, we recommend that TC reviews the mechanisms in place for ensuring NATIS-focused TC staff members are compliant with their Continuous Professional Development ("CPD") requirements;
- Conduct a full review into formalising the structure of NATIS within TC, particularly with regards to governance arrangements, establishing performance monitoring arrangements and the remit of NATIS operations, as well as considering whether it would be appropriate to bring NATIS-focused TC support function staff (finance, business support, HR, business support, marketing, etc) into the established corporate TC business support teams;
- Consider the future of the NATIS service, particularly with regards to the lack of future workstreams and a possible redundancy liability around March 2025; and
- TC should assign a trusted senior individual to oversee NATIS operations for the foreseeable future. The job descriptions for key NATIS-focused TC staff members should be updated to accurately reflect the responsibilities and expectations that the current TC Senior Leadership Team ("SLT") expect the jobholders to perform.

Summary of Appendices	
Appendix	Details
A	Excerpts from Signed Engagement Letter dated 21 November 2023
B	Acronyms used throughout the Report
C	Key themes from individual interviews
D	Outstanding requests for information
E	NATIS reporting to S&A Committee
F	Issues with NATIS contract with BEIS
G	Various examples of NATIS appearing to present itself as separate to TC



Interviews

2

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2 – Interviews (1/2)

Introduction

We present our overall findings regarding the interviews we conducted.

We interviewed multiple staff from across TC and specifically within the NATIS department. All staff members, where an interview request was made, attended the interviews willingly via Microsoft Teams and appeared to be fully cooperative. Some staff members were interviewed a second time for clarification purposes.

Findings and conclusions

Key recurring themes highlighted in multiple interviews have been selected for display in Figure 2.1 below. Not all themes noted within multiple interviews have been found to be accurate within this investigation.

<i>Figure 2.1</i>	
Recurring themes noted in multiple interviews	
>	NATIS operates as if it is a separate entity.
>	TC staff members gave approvals for the formation of NATIS.
>	There is no contract currently in place with DBT and the work being carried out currently is on an informal basis.
>	NATIS is a highly skilled unit and can provide a valuable service.
>	TC staff members were comfortable with and encouraged the entrepreneurial nature of NATIS.
>	The issues with secondments were raised but were not dealt with in a timely manner.
>	The split of BEIS into multiple departments has hampered progress on contracts and secondments.
>	NATIS has not been compliant with TC procurement processes and compliance with TC governance has not been a priority at NATIS.
>	TC has redundancy liability risk if DBT contract isn't extended after March 2025 or other workstreams are not found.
>	The future plan for NATIS to be absorbed by another government body, such as the PSFA.
>	NATIS is not mature enough as an organisation to be absorbed by a central government body.
>	New TC leadership post S114 did not fully engage in understanding NATIS's operations.
>	There has been poor governance regarding spending due to having to get TC board approval, often leading to spending requests being declined or delayed.

The key themes noted in the individual interviews are included within Appendix C.



2 – Interviews (2/2)

Lines of questioning and areas explored in interview with NATIS leadership staff

We sought to explore the following key areas when interviewing relevant decision makers and leadership at NATIS:

- TC approval to form NATIS;
- The evolution of NATIS over time;
- The governance arrangements of CFID / NATIS in relation to TC, including oversight, reporting and approvals, as well as NATIS's positioning of itself in relation to TC;
- The evolution of NATIS-focused TC staff members' job roles over time;
- NATIS / TC's contract with BEIS / DBT, including growth in headcount, secondment arrangements, and issues in contract governance; and
- The future of NATIS.

Key themes related to these areas and within these interviews are included on the right-hand side of this slide. As with the previous slide, not all themes have been found to be accurate.

Conclusions

Through interviews, Mazars were unable to definitively determine the nature of some of the NATIS-focused TC staff members' current roles at NATIS. Revised job descriptions are not clear on their day-to-day responsibilities. Relevant NATIS-focused TC staff members noted that they were focused on winning new work but no evidence of any notable future workstreams has been produced.

During and after the interviews, relevant NATIS-focused TC staff members were asked to provide documentation to evidence statements made – key documents requested for which evidences are still outstanding are listed in Appendix D.

Themes noted in interview with relevant NATIS-focused TC staff members

NATIS was formed in order to serve external councils/agencies but to also keep TC fraud work separate. In proposal paper to create NATIS, NATIS-focused TC staff members (at the time, TC staff members) made it clear that NATIS and CFID needed to be separate.
NATIS-focused TC staff members (at the time, TC staff members) proposed the brand NATIS in a February 2018 report to DB, who gave approval for NATIS to go ahead without consulting cabinet or members. The main driver for the approval by the DB was that NATIS could generate a surplus, in line with DB's appetite for investments.
The TC commercial board oversaw NATIS in its infancy, however the decision-making process to form NATIS was simply DB agreeing to it, without scrutiny from the commercial board. DB agreed to it because NATIS was expected to make a surplus for TC. The decision to form NATIS was not made by the TC cabinet.
When NATIS formed, NATIS-focused TC staff members would have monthly meetings with the Commercial board discussing risks and opportunities for NATIS. After commercial board disbanded, would report solely to the Standards and Audit ("S&A") Committee. NATIS presented annual reports to the S&A Committee until 2022.
Motivation for NATIS came from the entrepreneurial outlook of TC staff working within CFID, their dissatisfaction with how the council handles money, and their passion for Counter-Fraud.
Secondment agreements were drafted by BEIS and TC HR, who would check the contracts for accuracy. TC HR quality assured secondments. The contract made clear that NATIS-focused TC staff members had powers from Secretary of State, the secondments made clear that staff members seconded to BEIS were still TC employees.
NATIS seconded staff members are essentially employees for the Secretary of State. The powers that NATIS has to do financial investigations comes from POCA powers granted by BEIS / DBT, not TC.
NATIS-focused TC staff members were comfortable using an unsigned version of a draft Service Level Agreement ("SLA") with DBT as they had worked under similar conditions for a past project with CFID. NATIS-focused TC staff members are also comfortable with using emails as a basis for agreeing extensions to the contract.
At one stage, NATIS-focused TC staff members were splitting time between TC roles and NATIS specific work. This resulted in long hours. Relevant TC staff members made the proposal for those working within NATIS alongside TC central roles to split their job roles to focus solely on NATIS.
Some NATIS-focused TC staff members' job roles are currently outward focused, with aims including business development and leveraging their contacts in places, such as at the Cabinet Office, to win new work.
When winning new work, NATIS-focused TC staff would purposely not mention TC, as NATIS working with the police rather than within a local authority was NATIS's unique selling point. After the S114 issues at TC, NATIS-focused TC staff members were worried about damaging the NATIS brand following the Best Value Inspection ("BVI") report into TC's investment strategy.
Other developments such as hiring remote workers and implementing Police Information Technology ("IT") infrastructure for compliance with the Eastern Regional Special Operations Unit ("ERSOU") requirements for a shared digital forensic lab caused more of a cultural split away from TC.
NATIS-focused TC staff members expressed that they had a consistent desire to create a formal governance board for NATIS.
NATIS-focused TC staff members believe there would be a big redundancy problem if DBT contract is not extended. NATIS has money saved to pay for these redundancies.
NATIS-focused TC staff members expressed that they had desired further TC member oversight of NATIS's activities.



3

Evolution of NATIS and the BEIS contract

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3 – Evolution of NATIS and the BEIS contract (1/3)

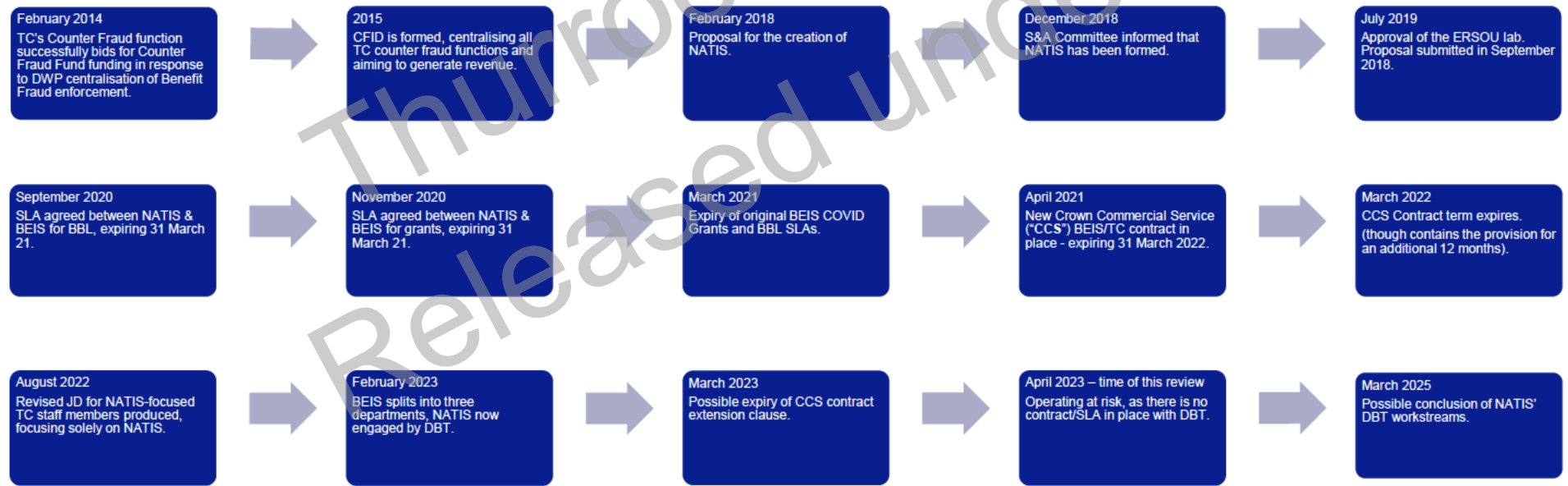
We present the key events in the evolution of NATIS.

We note that NATIS-focused TC staff members, previously part of the TC’s CFID function, were able to develop TC’s internal counter-fraud function into a service also supplied to other local authorities. In 2018 the NATIS “brand” was proposed, with staff presenting a report to TC DB (which we have reviewed, but not seen formally signed off), to re-position TC’s CFID externally supplied activities and expand supply of services to various public sector organisations, effectively creating a new department of TC. This has culminated in supplying investigation services to DBT regarding Covid BBLs.

Throughout the evolution of NATIS, we note a consistent lack of documentation held on file to show appropriate approvals.

Member oversight of NATIS, specifically from members on the S&A Committee has been lacking throughout. For items such as CFID’s formation or NATIS’s formation and trading activities, members were informed after the fact, rather than being asked for approval or consent. When updates to members on NATIS were presented within the Counter Fraud Annual Reports, the detail therein on NATIS was minimal or non-existent. Members were never party to detailed financial, governance or contractual information regarding NATIS. Please see Appendix E for more detail on the lack of member scrutiny over NATIS.

Figure 3.1 – Timeline of Evolution of NATIS





3 – Evolution of NATIS and the BEIS contract (2/3)

NATIS engaged by BEIS / DBT

We note that NATIS, and therefore by extension TC, have operated at risk since April 2022, and potentially even April 2021 in relation to the BEIS / DBT work. We have not been provided with fully signed documentation beyond the 2020 SLAs between NATIS / TC and BEIS. This represents poor contract governance on the part of both NATIS / TC and BEIS / DBT.

Not provided: fully signed April 2021 to March 2022 contract between NATIS / TC and BEIS.

The contract provided is not signed by BEIS. It is signed by the relevant TC staff member, but the date of signature was after the completion of the contract – therefore meaning it was not signed by either party during the lifetime of the contract. Please see Appendix F for further details of this. No evidence of NATIS / TC engaging in a tender process for this contract has been provided, rather it appears that NATIS / TC was engaged directly by BEIS.

We have also been provided email evidence, dated 1 April 2021, of BEIS opting to extend the BBL SLA agreement by one month as the contract for 21/22 was negotiated.

Not provided: evidence of any agreement on an updated scope and deliverables, signed off by both parties, in order to extend the 21/22 contract for a further 12 months.

The 21/22 contract included a clause for an extension of the contract for 12 months, therefore up until 31 March 2023 if exercised in full. We have not been provided with evidence for this extension being agreed or signed off in advance of 1 April 2022, the start of the extension period, or at any date since. However, NATIS-focused TC staff members noted in interview that the contract was extended for a year.

Mazars have reviewed email exchanges between NATIS and BEIS which appear to demonstrate an implicit assumption that there was sign-off on this item.

Not provided: confirmation between BEIS / DBT and NATIS / TC that work would continue on the same terms after the expiry of the 21/22 contract's extension in April 2023.

We note, through our interviews and conversations with key NATIS-focused TC staff

and other TC staff that there is an assumed agreement that the work will continue up until 2025. We note that BEIS / DBT has continued to pay for services after the expiry of the contract and its extension.

We have not been provided with any direct evidence of confirmation between BEIS / DBT and NATIS / TC that work would continue from April 2023 to March 2025. A legal opinion of an external legal advisor to NATIS, which has been seen by Mazars, also relies on the instructions they received that “there are emails showing intention to continue the arrangement with NATIS to 2025”, with none directly referenced or displayed in the opinion.

Not provided: formal contract or equivalent document between BEIS / DBT and NATIS / TC for work conducted between 1 April 2022 and 31 March 2025.

In interview, NATIS-focused TC staff members noted that within the Spring Statement 2022 a 3-year funding programme was announced, which included NATIS. NATIS appears to have been wrongly named as “National Intelligence Service” in this statement.

3.18 Tackling Fraud – The government is providing £48.8 million of funding over 3 years to support the creation of a new Public Sector Fraud Authority and enhance counter-fraud work across the British Business Bank and the National Intelligence Service. The investment enables government and enforcement agencies to step up their efforts to reduce fraud and error, bring fraudsters to justice, and will recover millions of pounds.

This funding is also noted in Appendix E screenshot F, and further verified to a statement by the Secretary of State for BEIS at the time, on 5 September 2022.

At spring statement 2022, the Government announced an additional £48.8 million of funding over three years to tackle public sector fraud. This included further investment of £13.2 million in NATIS, effectively doubling their capacity to investigate BBLs fraud, and £10.9 million to enhance the Bank's counter-fraud and assurance work programme.



3 – Evolution of NATIS and the BEIS contract (3/3)

NATIS engaged by BEIS / DBT (cont.)

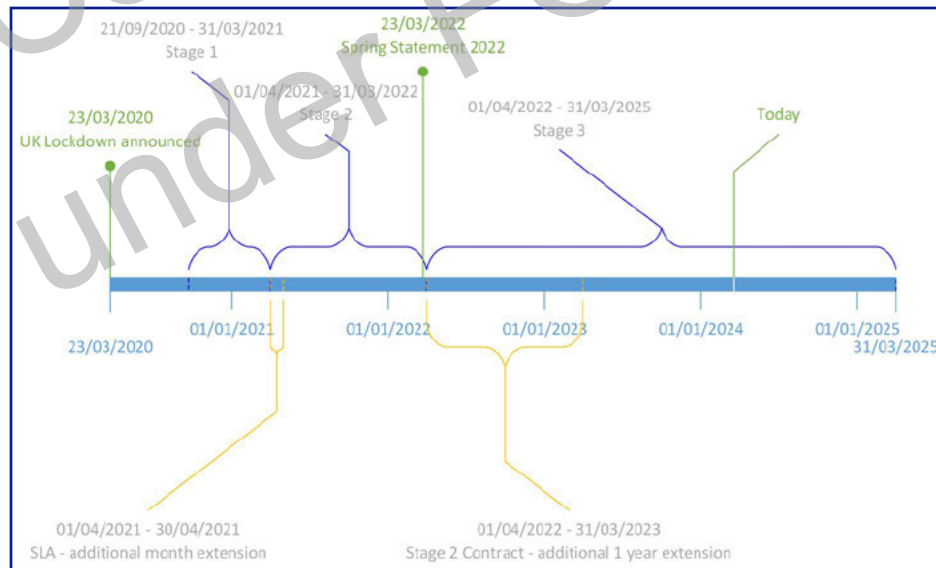
In an email chain from March 2022 between staff at BEIS / DBT, NATIS and HMT provided to Mazars we have seen an indication that HMT would provide the funding for the NATIS work via BEIS. Within this chain there is a February 2022 document, authored by BEIS staff, which outlines various funding options for NATIS. These funding options align exactly with the subsequent Spring Statement 2022 announcement of increased funding, indicating that HMT is funding the work directly through BEIS / DBT's pre-existing relationship with NATIS / TC.

We have been provided with a draft version of a Memorandum of Understanding ("MOU") which showed a 1 April 2023 commencement and a 31 March 2025 expiry date, in line with comments noted in interviews. This document's file name indicated it was last amended on 9 March 2023. Within an email chain reviewed related to the MOU, the BEIS / DBT contact noted concerns with the use of powers by NATIS-focused TC staff under a MOU rather than a contract, and that further legal review would be required. However, it seems as though work has not ceased since this point and NATIS-focused TC staff continue to work for BEIS / DBT, as well as NATIS / TC continuing to be paid by BEIS / HMT.

NATIS-focused TC staff members noted in interview that after 18 months of doing BEIS work [indicating March 2022, considering a September 2020 start date], legal teams from TC and BEIS conducted a brief tender process which only NATIS applied for. We have received a copy of NATIS' tender submission dated 11 October 2021, which possibly indicates that this was submitted in advance of the end of the 21/22 contract to support the continuation of work from the end of March 2022 onwards. From the evidence reviewed, it is not clear whether an open tender process was conducted, rather it appears that for the 2022-25 period HMT allocated the funding and BEIS engaged with NATIS / TC directly, without a contract or other document in place. NATIS-focused TC staff members also noted that BEIS splitting into three departments, including DBT, has caused further delays in finalising the outstanding paperwork to formalise the relationship between BEIS / DBT and NATIS / TC.

NATIS' engagement by BEIS / DBT appears to have multiple distinct stages:

- Stage 1 – period from September 2020 to March 2021, where fully signed SLAs were in place;
- Stage 2 – period from April 2021 to March 2022, covered by a contract, not signed by BEIS; and
- Stage 3 – period from April 2022 to the present (possibly continuing until March 2025), NATIS / TC funded by HMT.





4

Financial Review of NATIS

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4 – Financial Review of NATIS (1/2)

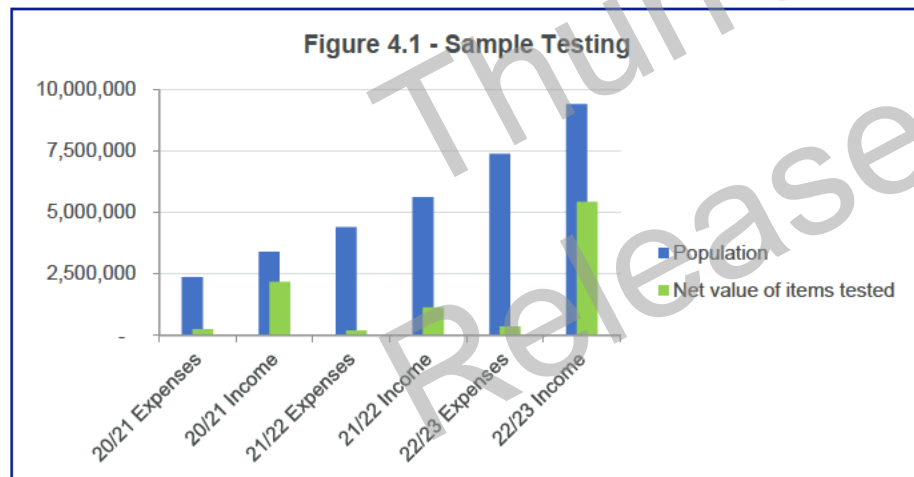
Overview

A financial review of NATIS cost centre financial account codes within TC was conducted to assess the accuracy and integrity of the financial records for the fiscal years 20/21, 21/22, and 22/23 through sample testing. The review aimed to identify any significant discrepancies or irregularities in the accounts and general ledger items, specifically focusing on reporting of costs and income of the NATIS department.

Details of Work Undertaken

The review process involved an analytical review of account movements over the three periods and comparisons to budgeted amounts, as well as a sample selection of general ledger items. Sample testing included selecting and verifying general ledger items to appropriate evidence to ensure accuracy and correct accounting treatments. We have also investigated concerns noted about accounting processes and controls at NATIS and aimed to understand the extent of these.

We have not been able to review any formal forecasts of income and costs going into the future as NATIS does not have any confirmed workstreams or income after the ending of the informal relationship with DBT in March 2025, should that remain in effect.



In our sampling approach, we selected significant material items, accompanied by haphazard selection of additional samples to ensure a wider coverage of general ledger

codes. For all three periods, significant items were most found within code 5503 - *Income from Traded Services* which contained journals for the large invoices issued to BEIS / DBT. We tested a minimum of 5% of the value of the population for all periods.

Sample testing results

For all samples selected, we were provided with appropriate evidence and noted no accounting misstatements. We have not noted any items in our sample review for which we consider that an accounting restatement is required.

Through our review, we noted occurrences where invoices were incorrectly recorded and attributed to incorrect purchase orders, or incorrectly cancelled. In all occurrences that we observed, we note that we were provided with evidence that these were rectified to ensure correct accounting treatment.

We note that there were no internal recharge expenses from TC to NATIS for support functions such as HR, office space, finance support, or other typical overhead items.

Observations on accounting processes and controls

We interviewed relevant NATIS-focused TC staff members who noted a variety of issues with accounting processes and controls at NATIS. We also examined these issues with other interviewees and TC staff:

- NATIS has not been compliant with procurement and expenditure procedures, and this has led to issues with TC payment for NATIS expenses as NATIS has regularly disregarded relevant TC approvals procedures. NATIS has incurred expenses on the basis that they would likely be rechargeable to BEIS / DBT in relation to work on BBL;
- Required TC approval for large expenditures, in the period prior to the S114, with Board approval required over £250,000, has not been gained in advance of incurring expenses, leading to very slow payments or even currently outstanding payments to suppliers. This is despite compliance support and advice received from the procurement team. An example is a large expense for fleet vehicles incurred in April 2022. We have also been provided with evidence that the value of this contract was mis recorded as £360,000, when it is £490,000. At the commencement of this project, approval for this payment had not yet been granted, despite the contract expiring on 31 March 2024. A form reviewed by Mazars noted debt of £293,000 to the fleet provider for services already provided;



4 – Financial Review of NATIS (2/2)

Observations on accounting processes and controls (cont.)

- Contract control is insufficient, with relevant NATIS-focused TC staff members outlining that there have been multiple instances of needless overspending on suppliers where cancellation deadlines were missed, or late payment fees were incurred;
- NATIS has entered into partnership arrangements with law enforcement bodies, specifically ERSOU and the Metropolitan Police (the "Met"):
 - With ERSOU, a collaborative working agreement was established with a view to creating a Cyber Forensic Laboratory. We have reviewed a July 2018 DB report written by NATIS-focused TC staff members outlining a recommendation for NATIS to collaborate with ERSOU in order to gain ISO accreditation, including a commitment of £180,000 of capital spend. We have reviewed a further agreement between TC / NATIS and ERSOU (signed by an ERSOU representative, but not a TC representative) which establishes the relationship and gives a 30 November 2023 expiry date. This does not clearly outline in detail how costs incurred should be shared, but does establish that ERSOU staff would be able to use the Laboratory facilities at TC free of charge when in connection with Laboratory services; and
 - With the Met, Mazars noted a letter sent to the Met from TC which referenced a Loan Agreement of Equipment from NATIS to the Met, requesting payment for damage to TC fleet vehicles when used by the Met. We have not reviewed this loan agreement, and as such it is not clear how much NATIS / TC receives financially for this loan. We cannot comment on the degree to which this puts TC taxpayers at risk or is value for money. NATIS-focused TC staff members outlined in first interview that they had been paying rent for office space for the northwest England NATIS hub on a corporate credit card and expensing it, as approval from TC finance function had not been gained in a timely manner, and, as such, TC finance team were not paying directly for this item. NATIS-focused TC staff members noted in further interview that in the intervening period the situation had been regularised.
- Governance of NATIS field officer credit card expenses appears to lack sufficient scrutiny, with an informal process conducted by relevant NATIS-focused TC staff members, whereby they haphazardly sense check expenses incurred and samples approximately 10 line-items each month of which to request evidence from NATIS field officers; and
- NATIS-focused TC staff members noted that budgeting was not completed

effectively during NATIS's rapid expansion of headcount to accommodate the large BEIS contract, leading to budgets within the forecasting numbers with which Mazars were provided being unusable for cost controlling.

We note that finance support at NATIS appears to be limited to processing items rather than being a strategic or forecasting function. We have been made aware that concerns about the NATIS department's adherence to TC finance procedures were what sparked the acceleration of this investigation within the internal audit plan.

Further work to be completed and recommendations

We have not been provided with a document demonstrating the basis of the 19% charge within the initial pricing model for the BEIS contract. This amount was applied on top of the rate card detailing the salaries of staff that would be recharged to BEIS. This 19% possibly is a provision for overhead costs as well as a surplus on the contract. We have also not viewed any formal sign-off on the pricing of the 21/22 BEIS contract in advance of its commencement.

We have the following recommendations based on our work to date:

- TC SLT consider the best positioning of the TC finance function in relation to the NATIS department, considering how best to both support the NATIS department and to monitor compliance with TC policies and procedures, as well as considering the reorganisation of any NATIS-focused finance staff into the central TC team;
- TC SLT consider a training programme for relevant NATIS-focused TC staff on procurement procedures and purchasing, if any remain after any centralisation;
- TC finance team works alongside the NATIS-focused TC staff to produce detailed and regular financial performance and contractual performance information in relation to NATIS, its current work for DBT, and any other workstreams that emerge for review by TC's elected members;
- Improvement of the accounting for Asset Recovery Incentivisation Scheme ("ARIS") monies, with more detailed and formalised evidence kept on file, as well as the creation and upkeep of a forecasting document detailing monies seized, and monies expected to be received; and
- All outstanding payments for NATIS items over 60 days are reviewed and reasons for non-payment are investigated in detail.



5

Review of Secondments

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Released under FOI



5 – Review of Secondments (1/2)

Overview

The review of secondments from TC to BEIS / DBT was conducted to assess the adequacy and completeness of the secondment documents. It was identified by TC staff in advance of the Mazars review that many, if not all, of the secondment agreements of investigative officers to DBT (formerly BEIS) have expired. For financial investigators, secondment agreements are required for appropriate use of Proceeds of Crime Act 2002 (“POCA”) powers on behalf of BEIS / DBT. Despite this, it appears that, at the time of the review, these officers have continued to exercise POCA powers. In a meeting with a NATIS-focused TC staff member they shared with us that, at that date, only 3 out of 108 NATIS-focused TC staff requiring secondments had them in place.

We note that the following section regarding Secondment Arrangements appears in both SLAs between NATIS / TC and BEIS signed in 2020. The Grant SLA is signed on 11 November 2020, the BBL SLA is signed on 22 September 2020.

Secondment Arrangements

The Parties agree that NATIS officers will be seconded to BEIS to deliver the Services, under the terms of the Secondment Agreement in respect of the operational activity during the Agreement period.

The seconded NATIS officers will continue to work from their own operational offices and follow their own policies, operational leadership and management.

NATIS officers are provided powers under Parts 2, 5 and 8 of the Proceeds of Crime Act 2002 as Senior Appropriate Officers, Accredited Financial Investigators, Financial Intelligence Officers and Financial Intelligence Administrators to conduct their investigations officers in their capacity as a “local authority” officers.

The Services in this agreement are focused around counter fraud activity in the bounce back loans area. In order for NATIS to deliver the Service and ensure lawful use of its powers under the Proceeds of Crime 2002, NATIS will second specific officers to BEIS to deliver the Services. Those seconded NATIS officers will then become “members of staff of BEIS” pursuant with the *Proceeds of Crime Act 2002 (References to Financial Investigators) (Amendment) (England and Wales) Order 2018*.

Details of work undertaken

Mazars selected a sample of 5 employees from within a secondment status tracking

document provided. Our aim was to assess their secondment statuses and to identify periods where officers were operating without valid secondments in place.

We selected 1 sample which indicated that there was a secondment agreement in place, and 4 which indicated that they had expired secondments.

The review process involved an examination of secondment documentation, including verifying the dates covered by the documents, checking for signatures, and reviewing the appropriateness of the period covered and parties named in the secondments.

Findings of documentation review

For the 1 sample selected which indicated that there was a secondment agreement in place we noted a fully signed and in date secondment agreement.

For the 4 samples selected that indicated that they had expired secondment agreements in place, our review confirmed this. For all these 4 samples a valid secondment agreement had not been in place for over a year and, for every signature of these 4 reviewed, the date of signature recorded was after the start date of the secondment. 3 out of these 4 samples’ secondment agreements expired on 31 March 2022 and the remainder’s expired on 31 March 2021. NATIS-focused TC staff members also stated in interview that where relevant staff had secondment agreements up until 31 March 2022, despite NATIS repeatedly emailing, BEIS / DBT had not provided updated secondments agreements.

We also noted that for these 4 secondments, variation documents were necessary, as secondment agreements issued in 2020 alongside the original SLAs noted NATIS as the employer, rather than TC. Variation documents were required to correct these misstatements. All of the initial secondment documents for the 2020 SLAs reviewed were not signed by BEIS. However, all variation documents reviewed were signed by BEIS. All of these 4 samples were originally agency staff who became permanent staff.

In a meeting, a NATIS-focused TC staff member contended that BEIS / DBT were the source of the lack of renewal and that NATIS / TC submitted various reminders for these to be expedited. We have not been provided with further evidence of this. We also note that relevant staff members appear to have continued to exercise powers as if they have valid secondment agreements in place up until the present.



5 – Review of Secondments (2/2)

Findings of documentation review (cont.)

We were also not provided with evidence of a valid secondment agreement currently in place for one of the interviewed NATIS-focused TC staff members for whom secondment documentation was requested.

Legal consequences of secondment non-compliance

From our review of the samples, we noted no discrepancies with the spreadsheet provided by NATIS which detailed secondment status of all staff members. Therefore, it appears likely that the vast majority of staff (103 out of 108) did not have proper secondment documentation in place at the time of this investigation. This is alongside the lack of a formal contract in place between NATIS / TC and BEIS / DBT. Despite this, it is likely that many have continued to exercise POCA powers on BEIS / DBT's behalf.

If officers have been exercising powers with expired secondments, their actions could be legally challenged. Any evidence collected, being information illicitly obtained, may be deemed invalid or unlawful, and have to be returned, possibly de-railing investigations. There may be legal disputes, challenges to the validity of the officers' actions, or even disciplinary actions, including financial penalties. This could have significant implications for any ongoing investigations or legal proceedings.

The key risks and potential consequences for both TC and DBT in relation to secondments are addressed in the legal opinions of external legal advisors to NATIS / TC. One of these opinions notes that powers should only have been exercised where it was lawful to do so. They note that DBT, as well as NATIS / TC, may also be liable for the exercise of POCA powers in its name where secondments are not valid. The other opinion finds that the risk that courts will dismiss any use of POCA powers in the current context is low, though they recommend "next steps" to remedy the current situation and urges their swift implementation.

Conclusion

In conclusion, it is crucial to ensure that secondment agreements are properly managed and kept up-to-date to avoid potential legal and operational issues. We recommend that mechanisms are developed to ensure that secondment agreements are not left to

expire. We also recommend that staff members cease work in the event that their AFI accreditation expires, to not put TC, or NATIS clients, at risk of financial or legal liability.

As a matter of priority, TC staff should review secondment agreements in place and update where necessary. TC, should urgently undertake the "next steps" outlined in one of the legal opinions in order to regularise the situation.

We have been informed that since the outset of this investigation DBT and NATIS / TC have worked to retrospectively formalise all secondment agreements. Mazars have not reviewed these secondment agreements since they have been formalised.



6

Other items considered

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6 – Other items considered (1/3)

Overview

This section covers a variety of additional items that were considered during the review. These include issues with Freedom of Information (“FOI”) requests, the future of NATIS, CPD issues with officers at NATIS, the presentation of NATIS as a separate entity from TC, and an outstanding debt issue with SSC related to work performed by CFID.

FOI Requests

We were informed by TC staff members that there was a possible issue with NATIS answering FOI requests itself, despite not being a separate entity. We have not reviewed any evidence which indicates that NATIS has answered FOI requests by itself, rather directing requests to DBT or TC when received. We have relied upon interviews with TC staff members. Key notes from one interview include the following:

- TC staff members raised concerns that there were multiple email addresses for each staff member; and
- TC staff members advised NATIS on data policies and, at one stage, whilst under the impression that NATIS was a distinct entity separate from TC, advised that they should be registered with the Information Commissioner’s Office (“ICO”).

During the course of this investigation relevant TC staff members became aware that NATIS was not a separate entity to TC, rather a department of it, and they wished to provide additional data policy comments to Mazars. Key notes from these clarification interviews include:

- TC staff members, in giving advice that NATIS should have a separate DPO and be registered with the ICO, were under the impression that NATIS was a completely separate legal entity; and
- TC staff members made it clear that they would not advise the same now being aware of NATIS’ integration with TC, and that NATIS’ ICO registration was likely inappropriate.



Through our interviews, we have not noted any evidence of NATIS answering their own FOI requests. The process notes provided by TC staff members suggest that NATIS does not directly respond to FOI requests. Instead, these requests are centrally managed by TC and are redirected to clients of NATIS as required if they are the data owners.

Figure 6.1 - FOI process notes provided

For any FOI request that comes in a joint piece of work needs to take place between the IG Team and NATIS Staff to decide how the FOI request will be handled. This joint working will establish:

Which organisation responds to the FOI request based on the information requested. This will be either the Council, the Department for Business and Trade (DBT) or in some cases both (if the questions cover both organisations).

If the council need to transfer the request to DBT, the Information Governance Team will do this.

If the council log the request we will follow our standard approver/sign off process.

Notes:

The council will log all FOI requests that comes in on its FOI database. If the data is held by DBT, the request will be sent to DBT and the requestor will be advised of this by the Information Governance Team.

NATIS have a contract with the DBT and they are a central government body.

NATIS should not be logging the FOI request as they are not a public authority.



6 – Other items considered (2/3)

Future of NATIS

The future of NATIS is not clear. From interviews we note that it appears that DBT is motivated to continue the relationship with NATIS / TC until 31 March 2025, which would provide NATIS with funding up until this point. We have not been provided with any evidence of NATIS having any workstreams in place to replace this income at the end of this period of work. Currently the work performed for DBT is essentially the only source of income for NATIS.

In the interview with NATIS-focused TC staff members, they noted that, during NATIS's DBT work, they had relationships with nine government agencies which represented possible future projects and opportunities for NATIS. This was also noted in the *Future Delivery & Governance of the National Investigation Service (NATIS) function* report prepared by NATIS-focused TC staff members for the DB. We have not been provided with any evidence of these relationships and possible projects, and none has resulted in a formal engagement. NATIS-focused TC staff members also told us that interest in engaging NATIS reduced after the release of the BVI report.

Since the BVI those departments have paused those discussions having raised concerns about the status of NATIS being part of Thurrock Council. The paused contract negotiations were:

- Cabinet Office – Providing enforcement services to the newly formed Public Sector Fraud Authority from 2023 - 2025.
- HM Land Registry – Case Specific support from NATIS between 2023-2024 to deal with Property Transfer Fraud
- HM Passport Office – Ongoing Intelligence Support between 2023-2025 to identify fraudulent passport trading in the Dark Web.
- Department for Transport – Ongoing Operational Support between 2023-2025 to tackle fraud in Net Zero schemes.
- Department for Education - Ongoing Operational Support between 2023-2025 to tackle fraud in Grant Schemes for Education Establishments
- Homes England - Ongoing Operational Support between 2023-2025 in to tackle fraud in their lending schemes.
- Insolvency Service - Ongoing Operational Support between 2023-2025 to improve intelligence development for their own casework.
- Department for Science, Innovation & Technology - Ongoing Operational Support between 2023-2026 to provide an enforcement response in their global fraud strategy.
- Department for Energy Security & Net Zero - Ongoing Operational Support between 2023-2026 to provide an enforcement response in their corporate fraud strategy.

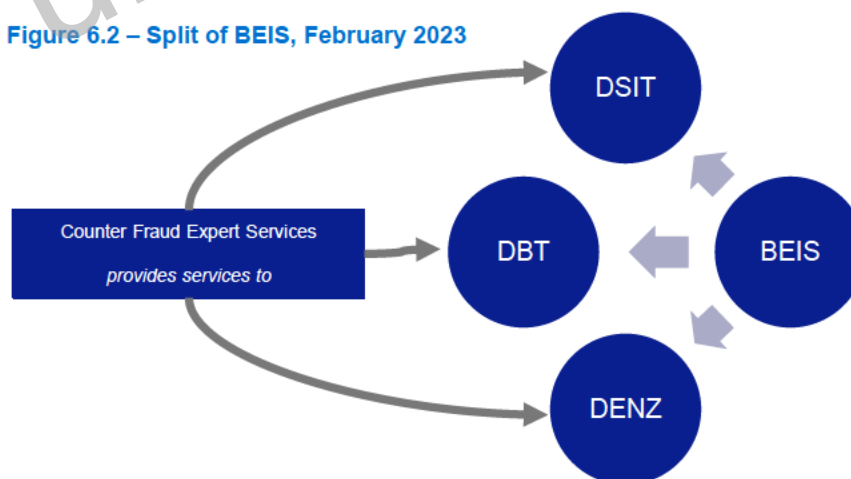
NATIS's lack of confirmed workstreams likely presents the following risks to TC:

- Redundancy costs;
- Loss of skilled staff and capabilities; and
- Risk to the TC taxpayer, if having to support a service unit that previously had delivered an (accounting) surplus to the TC accounts.

Throughout interviews, it appeared that many staff were led to believe that NATIS would possibly be absorbed into a central government department in future, possibly as part of the PSFA or Cabinet Office. We have been provided with no evidence of these plans being considered by any government agency.

During the Mazars review, we were made aware that Counter Fraud Expert Services, a shared service for DBT, Department for Energy Security and Net Zero ("DENZ") and Department for Science, Innovation and Technology ("DSIT"), having previously been working for just BEIS, has raised concerns about NATIS's performance and governance to the PSFA, and the terms of reference for a review of NATIS's work are being developed. Mazars have been provided with the draft terms of reference.

Figure 6.2 – Split of BEIS, February 2023





6 – Other items considered (3/3)

CPD issues

During the course of this review, Mazars were made aware of issues with CPD completion by officers at NATIS, possibly leading to a removal of their powers. We have been made aware of pauses of powers being implemented for non-compliant officers.

It is not clear how these issues came about particularly as, noted in our interviews with NATIS-focused TC staff members, as CPD completion was supposedly a priority at NATIS. We also noted that NATIS communications channels publicised the CPD benefits of its membership of the Government Counter Fraud Professions (“GCFP”) in November 2023. This issue further adds to concerns over the exercise of powers by accredited NATIS officers, seriously compounding the possible legal issues of irregular secondments. If POCA powers are exercised by an officer who has not met their CPD requirements this represents more severe legal issues.

NATIS is proud to announce our membership of the GCFP

01 Nov 2023

We Investigate Public Sector fraud throughout the UK, GCFP membership supports the professionalism we strive towards as an organisation, will ensure our staff are able to maintain their CPD and expand upon their skills and evidences how seriously we treat professional competency.

NATIS' presentation of itself

As noted throughout the report, NATIS has operated as if it is a separate entity to TC, when, in fact, it is an informal investigation services offering branded as “NATIS”, a function of the Counter Fraud department at TC. NATIS is not formally incorporated within the structure of TC.

The connection between NATIS and TC is not always made clear in NATIS public communications or in more formal documentation. It appears that there is a consistent omission by NATIS in acknowledging that NATIS is part of TC. NATIS appears to consistently present itself as a distinct independent separate entity, which is inaccurate.

In interviews with NATIS-focused TC staff members, it was noted that there was some motivation for NATIS's distancing itself from TC, in the wake of the Section 114 order

and the BVI report. They noted that TC was to some degree a tarnished brand, having been the victim of fraud itself.

We have noted in interviews that employees working for TC also viewed NATIS as a separate entity from TC. We particularly note that the understanding of multiple TC staff members, expressed in interview, was that NATIS was an arms-length body operating as a separate company, with TC support services, such as HR or finance, used to help NATIS function.

NATIS' presentation of itself may be perceived as misrepresentation, with potential public sector clients being unaware that they are being supplied with services by TC, rather than a separate entity called NATIS.

We include various examples of NATIS appearing to present itself as separate to TC in Appendix G.

Southend Debt Issue

During the course of our review, we were made aware that SSC appears to have an unpaid debt to TC in relation to an SLA for counter-fraud work performed by the CFID function.

In 2013, there was an agreement for TC / CFID and SSC to share fraud staff and have joint working arrangements to deliver anti-fraud and corruption needs for both councils. An additional SLA was agreed for the period 2014 to 2017 and was extended again until 2019 when the agreement was terminated.

During this period, SSC's financial contribution to TC increased due to an increase in high value/complex casework. SSC's contract manager on the SLA was replaced by another staff member, who sought to understand increases in charges from TC / CFID to SSC and query the charging model in place. In advance of these queries being resolved, TC issued an invoice for work performed in the financial year 2018/19, an amount of £546,651.

This amount was disputed by SSC at the time and has remained unpaid to date. The SLA between TC and SSC was formally terminated in September 2019.



Appendices

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Appendix A – Excerpts from Signed Engagement Letter dated 21 November 2023

Background

1.1 We understand that this matter relates to into governance and financial issues at identified at the National Investigation Service (“NATIS”), a unit of Thurrock Council (“TC”) and you have appointed the Forensic and Valuation Services (“FVS”) team at Mazars LLP to undertake an investigation into the matter

Scope

1.2. We have been instructed to undertake the following work:

Phase 1 – Planning:

1.2.1. Conduct planning meetings with key staff members to establish to points of contact and scope of investigation. Currently we have been made aware of the following individuals:

- [Key staff members listed].

1.2.2. We will provide fortnightly updates to [relevant TC staff members]. We will provide access to identified TC staff to a secure Huddle Workspace for the purposes of sharing information; and

1.2.3. Produce an initial document request, including, amongst other things, monthly finance schedules, items regarding chronology and timeline of decision taken, key governance documents and contact details for key individuals to interview.

Phase 2 – Fieldwork:

1.2.4. Conduct review and analysis of all documents provided by TC, requesting any further documents as required;

1.2.5. Conduct interviews with key members of staff at both NATIS and TC;

1.2.6 Conduct rigorous analysis of all financial documents received from TC back to 2020/21, aiming to quantify any liability that TC or NATIS is at risk of, owing to double billing or other financial irregularities;

1.2.7 Review and comment on the NATIS charging model and how the rate card for charging staff time was developed;

1.2.8. Financial statement analytical review for the current financial year (2022/23) and production of a forecasts for the financial years 2023/24, 2024/25, 2025/26 and 2026/27;

1.2.9. Financial statement review for the financial years 2021/22 and 2020/21, aiming to

identify material issues and proposing correcting journals. Possible material issues may include but are not restricted to:

- incorrect accruals;
- incorrect capitalisation of costs;
- inadequate debt recovery;
- issues in accounting for revenue;
- unapproved budget changes in year;
- inadequate debt recovery; and
- errors in reserves and provisions.

1.2.10. Conduct a review of any evidence of decisions taken surrounding the secondment of staff to DBT, assessing a sample of these alongside governance systems, policies or procedures in place at the time;

1.2.11. Conduct a review of a sample of reporting documentation provided by NATIS to TC;

1.2.12. Electronic mailbox review of key decision makers at NATIS or TC, as directed by TC, especially with regards to the exponential growth of NATIS; and

1.2.13. Any other procedures as required by and agreed with TC.

Phase 3 – Reporting

1.2.14. Prepare a factual, evidence-based draft report for TC, including key information from previously submitted update documents, on 21 December, and issue this for comment;

1.2.15. Conduct quality controls procedures, including verification and second partner review, alongside collecting and processing any TC comments as required;

1.2.16. Submit a final report on 5 January; and

1.2.17. [Mazars staff] will be available to present the final report to the Commissioners, Audit Committee, or any boards as required.



Appendix B – Acronyms used throughout the Report

Acronyms	
Acronym	Meaning
ARIS	Asset Recovery Incentivisation Scheme
BBL	Bounce Back Loans
BEIS	Department for Business, Energy & Industrial Strategy
BVI	Best Value Inspection
CCS	Crown Commercial Service
CFID	Counter Fraud & Investigation Department
COVID	Coronavirus
CPD	Continuing Professional Development
DB	Directors Board
DBT	Department for Business and Trade
DENZ	Department for Energy Security and Net Zero
DPO	Data Protection Officer
DSIT	Department for Science, Innovation and Technology
ERSOU	Eastern Region Special Operations Unit
FOI	Freedom of Information
GCFP	Government Counter Fraud Professions
HMT	HM Treasury
HR	Human Resources
ICO	Information Commissioner's Office
IT	Information Technology
JD	Job Description
MOU	Memorandum of Understanding
NATIS	National Investigation Service
POCA	Proceeds of Crime Act 2002
PSFA	Public Sector Fraud Authority
S&A	Standards and Audit
S114	Section 114
SLA	Service Level Agreement
SLT	Senior Leadership Team
SSC	Southend-on-Sea Council
TC	Thurrock Council



Appendix C – Key Themes from individual interviews

Key Themes	
Interviewee	Notes
NATIS-focused TC staff member	Since NATIS-focused TC staff member has been in post it has been hard for NATIS to conduct business, as it would often have to get approval from TC SLT for big spending. These would often take too long and result in a bypassing of financial governance.
TC staff member	Seems that NATIS has been operating independently from 2020 onwards. NATIS-focused TC staff would still report to TC about NATIS performance but not much discussion with people lower down in TC. Believes that NATIS has strong financial governance but was not sure about the strength of TC's governance.
TC staff member	No major issues with NATIS regarding governance. Believes that the NATIS brand is disliked by TC SLT as it has no formal status.
NATIS-focused TC staff member	Assumed that the issue with secondments would be dealt with by the business support unit within NATIS. Noted that NATIS has not had much trouble from TC to get payments approved.
NATIS-focused TC staff member	Negotiations with DBT were an administrative failure. Secondments were an issue for a while but were not dealt with until it became a significant problem.
TC staff member	The data NATIS collects is not TC data. Any data agreements with DBT are between NATIS and DBT, TC have no involvement. NATIS have their own DPO.
TC staff member	All FOI requests are received by TC and logged onto the TC system. NATIS do not answer their own FOI requests. Inappropriate for NATIS to be registered with ICO independently of TC.
NATIS-focused TC staff member	Issue of secondments was often discussed in SMT and TTCG meetings but was not actioned until it became a significant problem. Staff at BEIS / DBT often cancelled monthly governance meetings.
TC staff member	On checking secondment contracts, TC staff member's expectation is that TC's HR business partner and legal officer reviewed the contract. TC staff member was not involved in negotiation of contract with BEIS, instead just wanting to ensure any TC costs were covered. TC staff member did not personally do any quality assurance on the contracts.
NATIS-focused TC staff member	Conversations about agreeing work with DBT have been through emails, no proper contracts in place. External communications regarding NATIS, including on LinkedIn, would be NATIS specific, rather than incorporating TC.
TC staff member	The procurement team at TC has advised NATIS on procurement, with NATIS being supported by the procurement team on compliance with TC policies. NATIS' IT procurement was handled through a CCS contract, NATIS' fleet procurement was through a s122 agreement with the Met. The procurement team has not supported NATIS when NATIS services were being procured by external parties.



Appendix D – Outstanding requests for information

<i>Outstanding requests for information</i>
Requests
Email communication between NATIS and DBT demonstrating that they are happy to continue working on the same terms as the contract is renegotiated.
Confirmation / approval from TC staff members or other appropriate person for NATIS to tender for Covid Grant work.
Confirmation / approval from TC staff members or other appropriate person for NATIS to tender for BBL work.
Details of the beginning and end of reporting to the commercial board.
Emails from Treasury on the confirmation of 3-year funding.
Email evidence between NATIS-focused TC staff members that details a focus on NATIS outreach and NATIS operations.
Emails of NATIS-focused TC staff members demonstrating concern that NATIS is not being properly overseen by members.
Example of TC staff members approval for CFID work – approval of MOU.
Confirmation of the date when reporting to S&A stopped.
Details of the cross-charging framework for the lab – please send the SLA.
Minutes of meeting with council members on the specialised forensic lab unit
2014/15 – legal aid – please provide the emails / contract for this and details of the powers within the contract.
Report sent to TC staff members on proposals for further accounting and legal staff for NATIS.
Multiple JDs for various NATIS-focused TC responsible for relevant areas.
PSFA – investigation into a specific person at Thurrock council – email detailing that NATIS would perform the work if not at TC.
Example emails to / from other govt agencies where there were prospects for further work.
Email evidence for PSFA's description that "NATIS is a caravan of an organisation".
Emails from TC HR staff where they recommend permanent contracts rather than agency.

Thurrock Council - Independent investigation into governance concerns surrounding the operations of NATIS, a department of Thurrock Council - 18 March 2024

Released under FOI



Appendix E – NATIS reporting to S&A Committee (1/2)

NATIS at the Standards and Audit Committee		
Date	Document	Key points noted
19/07/2018	S&A Committee Meeting Minutes	No mention of NATIS within the minutes. No note that NATIS was proposed in Feb 2018.
19/07/2018	Annual Report 2017/18 (Included as Appendix within Meeting Agenda)	No mention of NATIS within the report.
19/07/2018	Counter Fraud Work Plan 2018/19 (Included as Appendix within Meeting Agenda)	No mention of NATIS within the Work Plan.
19/07/2018	Risk Matrix (Included as Appendix within Meeting Agenda)	No mention of NATIS within the document.
18/07/2019	S&A Committee Meeting Minutes	No mention of NATIS within the minutes. No scrutiny of NATIS by members despite a notes on its creation in the Annual Report and Counter Fraud Plan & Strategy.
18/07/2019	Annual Report 2018/19 (Included as Appendix within Meeting Agenda)	NATIS's creation is noted in this document, described as a "new specialised element of the department", the department being Counter Fraud & Investigations. No financial information related to NATIS is included in this report for Members to scrutinise.
18/07/2019	Counter Fraud Plan & Strategy 2019/20 (Included as Appendix within Meeting Agenda)	Launch of NATIS noted in this document. NATIS is described as having "supported over 40 public authorities across the UK".
09/07/2020	S&A Committee Meeting Minutes	No mention of NATIS within the minutes. No evidence of member oversight of NATIS.
09/07/2020	Annual Report 2019/20 (Included as Appendix within Meeting Agenda)	No mention of NATIS within this report. No financial information related to NATIS is included in this report for Members to scrutinise.
09/07/2020	Counter Fraud Strategy 2020/21 (Included as Appendix within Meeting Agenda)	NATIS is noted as having responsibility to review National Fraud Initiative results within the <i>Delivery of the 2019/20 Proactive Work Programme</i> section of the document. This element of the work programme was not present in the <i>Counter Fraud Plan & Strategy 2019/20</i> document. No financial information related to NATIS is included in this report for Members to scrutinise.
08/07/2021	S&A Committee Meeting Minutes	No mention of NATIS within the minutes. No evidence of member oversight of NATIS.
08/07/2021	Counter Fraud Annual Report 2020/21 & Strategy & Work Plan 2021/22 (Included as Appendix within Meeting Agenda)	NATIS is noted as having formed a "working collaboration" with BEIS in relation to Covid-19 stimulus schemes. No financial information related to NATIS is included in this report for Members to scrutinise.
07/07/2022	S&A Committee Meeting Minutes	Member questions whether NATIS work was "... something that benefitted the council ...", and NATIS representative responds positively. No evidence of strong scrutiny of NATIS from members.
07/07/2022	Counter Fraud & Investigation Annual Report 2021/22 & Annual Strategy & Proactive Work Plan 2022/23 (Included as Appendix within Meeting Agenda)	NATIS is noted as having become "ringfenced" and having agreed a 3-year funding package. No financial information related to NATIS is included in this report for Members to scrutinise.
06/09/2023	S&A Committee Meeting Minutes	NATIS-focused TC staff member confirms to members that "The Counter Fraud team separated from NATIS (National Investigation Service) last year to enable one function to look internally and for one to be an externally facing body". No members ask questions directly about NATIS.
06/09/2023	Counter Fraud & Investigation Annual Report 2022/23 & Completed Proactive Work Plan 2022/23 (Included as Appendix within Meeting Agenda)	NATIS is noted in the context of the CFI team splitting its local and national remits, with the national remit being NATIS. No financial information related to NATIS is included in this report for Members to scrutinise.
06/09/2023	Counter Fraud & Investigation Proactive Work Plan 2023-24 (Included as Appendix within Meeting Agenda)	No mention of NATIS within the Work Plan.



Appendix F – Issues with NATIS contract with BEIS

4. Contract reference	██████████
5. Deliverables	Counter Fraud Services See Schedule 2 (Specification) for further details.
6. Start Date	01/04/2021
7. End Date	31/03/2022
8. Extension Period	An option to extend for a further 12 months shall be considered on agreement of a updated scope and deliverables that must be signed off by BEIS. The National Investigation Service shall offer the updated scope, and this shall be documented through the variation No.1 and signed off and agreed by both parties.

For and on behalf of the Supplier:		For and on behalf of the Buyer:	
Signature:	██████████	Signature:	██████████
Name:	██████████	Name:	██████████
Role:	██████████	Role:	██████████
Date:	8 April 2022	Date:	██████████

Signed after the expiry of the contract term

Document last edited on same date as TC staff member signature

Not signed by BEIS

Contract Award Form v1.0	Microsoft Word Document	78 KB	No	116 KB	33%	08/04/2022 10:54
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Contract document within Windows explorer showing the last modified date and time, in line with the relevant TC staff member signature date

⁴ The date under ██████████ signature is shown as 8th April 2022 – I shall assume this is a typo and it should be 2021 but could this be confirmed?

Footnote from the external legal advisor legal opinion



Appendix G – Various examples of NATIS appearing to present itself as separate to TC

Job purpose

The National Investigation Service (NATIS) is a HM government function with a responsibility for investigating serious crime committed against public sector finance.

Job Profile for Data Protection and Information Support Officer at NATIS

SUSPECTED CRIME REFERRAL FORM	
Tel: 03000 999 111 E-mail: report@natis.police.uk	 National Investigation Service natis.police.uk
Please complete the form below providing as much information as possible. Contact the above number if you require assistance.	
Any information shared with the National Investigation Service is kept strictly confidential. Reporting suspicions of fraud or other economic crime does not necessarily mean action will follow.	
INFORMATION <i>Provide as much detail as possible about the suspected offence(s) below</i>	

NATIS Referral Form – taken from the NATIS website 10 January 2023

WARRANT CARD

The bearer (name and photograph overleaf) is an officer of the National Investigation Service (NATIS), a function of His Majesty's Government responsible to relevant Secretaries of State. NATIS officers are Crown Servants and have assigned powers under various legislation, including the Police & Criminal Evidence Act & Proceeds of Crime Act.

This is an official document.

The unauthorised possession, use, retention, alteration, destruction or transfer to another person are criminal offences.

The loss of this document must be reported to the Security Branch immediately.

IF FOUND

Tel 0300 1113444 or hand in at your nearest police station.

0123

NATIS "warrant cards" used by NATIS officers



Disclaimer

This Report was prepared by Mazars at the request of TC and terms for the preparation and scope of the Report have been agreed with them within the signed letter of engagement dated 15 November 2023 and signed 21 November 2023.

The Report was prepared solely for the use and benefit of TC. It should not be quoted, referred to or shown to any parties, other than TC's legal advisor, unless required by law or a regulatory authority, without our prior consent in writing. We understand that TC operates within a regulatory environment and that this Report may be shared with their Regulators if TC is required to make disclosures to in respect of the matters discussed in this Report.

The Report was prepared on the basis of information and documents provided to us during the course of our work. This information was prepared by Mazars in connection with the services provided to TC and was therefore prepared specifically for the purposes of those services and solely for the benefit of TC. Mazars LLP neither owes nor accepts any duty of care to any third party and shall not be liable for any loss, damage and/or expense which is caused by any reliance that any other party may place on this information.

To the fullest extent permitted by law, Mazars accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Thurrock Council
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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in 91 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance - to assist clients of all sizes at every stage in their development.

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