

Report of the Chief Auditor

Audit Committee – 8 August 2017

CORPORATE FRAUD TEAM ANNUAL REPORT 2016/17

Purpose:	This report provides a summary of the work completed by the Corporate Fraud Team in 2016/17.
Policy Framework:	None.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that Committee notes the Corporate Fraud Team Update 2016/17.
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1. INTRODUCTION

- 1.1 The Corporate Fraud Team (CFT) was established within the Internal Audit Section with effect from 1 June 2015 on an initial 2 year trial period although funding to make the Team permanent was provided in December 2016.
- 1.2 The Corporate Fraud Team Plan 2016/17 was presented to the Audit Committee at the meeting on 30 August 2016.
- 1.3 A 6 month update of progress made by the Team in achieving its Plan for 01 April 2016 to 30 September 2016 was reported to the Audit Committee of 28 March 2017.
- 1.4 This report provides a 12 month update of the work of the Team in achieving its Plan for 1 April 2016 to 31 March 2017.

2. CORPORATE FRAUD TEAM ACTIVITIES 2016/17

2.1 Headline Figures

- 2.1.1 Appendix 1 provides some headline figures to give an overview of the work of the Corporate Fraud Team for the whole of 2016/17.
- 2.1.2 The figures show the value of savings achieved by the Team split between cases investigated as part of the Joint Working pilot with the DWP and cases investigated solely by the Corporate Fraud Team.
- 2.1.3 The total value of savings achieved exceeds £376,000 which shows excellent progress by the Team in its second year of operation.
- 2.1.4 Appendix 1 also highlights the number of cases investigated to date by the Team which at the end of March 2017 stood at 278.
- 2.1.5 An interesting development during 2016/17 has been the number of employee cases referred to the Team for investigation. Savings of just over £115,500 were achieved from 26 employee cases in respect of 50 employees which is a good indication that the work of the Team is valued across the Council. Appendix 2 provides headline figures for employee cases for 2016/17.
- 2.1.6 Any significant investigations undertaken by the Team will be subject to a report to the Audit Committee providing details of the investigation and the outcome.

2.2 Headline Activities

- 2.2.1 Fraud Awareness:
- Bulletin issued to staff.
 - Report appeared in the South Wales Evening Post.
 - Article appeared in the Top Brief Newsletter.
- 2.2.2 Revised Corporate Induction Training
- 2.2.3 Corporate Policies updated: Anti-Fraud and Corruption, Disciplinary, Surveillance and Whistleblowing.
- 2.2.4 Devised a guide to preparing witness-type statements.
- 2.2.5 Reviewed Direct Payment Forms.
- 2.2.6 Tenancy Fraud Key Amnesty delivered.
- 2.2.7 External Audit undertaken on the use of DVLA data.
- 2.2.8 Commenced participation in the National Fraud Initiative 2016.
- 2.2.9 Continued participation in LA / DWP Joint Working Pilot
- 2.2.10 Continued to evaluate, consider and investigate a diverse range referrals in respect abuse, misuse and fraud.
- 2.2.11 A 6-monthly update of activities for 01.04.16-30.09.16 presented to the Audit committee on 28.03.17.

2.2.12 Aims and objectives contained in the Corporate Fraud Team Plan for 2016/17 were partly / fully achieved. Appendix 2 shows details of the target outcomes and achievements.

2.2.13 The Corporate Fraud Team Plan for 2017/18 presented to the Audit committee on 28.03.17.

3. Detailed Information on the Headline Activities

3.1 Fraud Awareness

3.1.1 Bulletin issued to staff: April 2016:

New Corporate Fraud Team launched

A new team has been launched to help staff and councillors protect public funds and ensure our use of resources is legal, properly authorised, and achieves best value.

Expert staff from the former Benefits Investigation Team – whose work was transferred to the Department for Work and Pensions last year – will help staff and managers get smarter about preventing, detecting, and acting on fraud arising from inside or outside the Council.

The law and our own Council Constitution mean all Council members and employees must take adequate steps to protect public funds and use resources appropriately.

The new Council Corporate Fraud Team (CFT) will be raising awareness of fraud and how to prevent it, promoting a zero tolerance culture to fraud, encouraging reporting of suspicions and taking action where evidence confirms ‘wrongdoing’ or fraud.

The team is responsible for investigations into areas such as Council Tax discounts and exemptions, Council Tax reduction, social housing, Blue Badges, direct payments for social care, grants and internal fraud in areas such as contracts, procurement, payroll, expenses, etc.

If fraud is uncovered all appropriate action will be taken including disciplinary action, criminal prosecutions as well as recovery of losses.

3.1.2 South Wales Evening Post report: May 2016:



3.1.3 Top Brief Newsletter: May 2016:

Corporate Fraud Team

The Council Corporate Fraud Team (CFT) has been launched to help staff and councillors protect public funds and ensure use of resources is legal, properly authorised, and achieves best value. The law and our own Council Constitution means all Council members and employees must take adequate steps to protect public funds and use resources appropriately.

For more information head to: www.swansea.gov.uk/staffnet/fraud

3.2 Revised Corporate Induction Training

3.2.1 The Corporate Induction Training proved by Human resources was revised in order to:

- Explain the Council's position on tackling fraud following the introduction of CFT;
- Clarify the role, remit and aims of CFT;
- Underline the Statutory and Constitutional responsibilities we all have as public servants as regards not only tackling fraud but also minimising the risk of losses resulting from error.

3.2.2 The revision also highlighted the three principles that the Council strives to adhere to in order to tackle abuse, misuse and fraud:

- Acknowledge;
- Prevent;
- Pursue;

3.2.3 The revision also signposted policies relevant to tackling fraud and error:

- Anti-Fraud and Corruption Policy
- Disciplinary Policy
- Whistle Blowing Policy

3.2.4 The concluding summary was revised to clarify the overarching aims of the Council and the expectations of employees and members:

- To build an effective anti-fraud culture by embedding counter fraud activity into day-to-day running of the Council;
- To minimise loss from fraud and error;

- To promote a zero tolerance approach to fraud and corruption by adhering to Financial Procedure Rules;
- To do everything we can to prevent, detect, and deter fraud and take appropriate action against those found to have committed fraud.
- To safeguard public funds by adhering to Financial Procedure Rules, Accounting Instructions and relevant Policies.
- To promptly pass on any suspicions of fraud or irregularity 'in confidence'.

3.3 Corporate Policies updated

3.3.1 Following a review of the existing Policies on Anti-Fraud and Corruption, Disciplinary, Surveillance and Whistleblowing, they were updated to reflect:

- The introduction of the Corporate Fraud Team (CFT).
- CFT's involvement with investigations in respect of Council employees.
- The potential for CFT undertaking surveillance on Council employees in connection with investigations of abuse, misuse and fraud.

3.4 Devised a guide to preparing witness-type statements

3.4.1 A bespoke guide was devised for officers of the Revenues and Benefits Section to assist them with interviews aimed at identifying client information errors and potential benefits fraud.

3.4.2 A properly prepared witness statement can improve the efficiency of decision making processes in respect of the reassessment of benefit entitlement by:

- Ensuring that statement is not a mere mouthpiece for the Officer or subject;
- Confining the statement to the issues of importance that will determine the outcome of a case;
- Refraining from advancing a case for an unrelated collateral purpose;
- Providing disclosure of relevant material; and
- Presenting evidence that is relevant and free from influence.

3.5 Reviewed Direct Payment Forms

3.5.1 A recent investigation into a claim for Direct Payments for social care necessitated a review of all relevant Direct Payment forms.

3.5.2 It became clear that although 'Form DP4 – Contract for the receipt of Direct Payments between the Council and the Client' mentioned the potential suspension / termination of Direct Payments, it did not make reference to other consequences that may occur if the conditions of the contract are contravened.

3.5.3 As a result, the declarations / content were not considered robust enough to demonstrate a 'guilty mind' which is required to prove criminal liability to a beyond all reasonable doubt standard.

3.5.4 The following recommendation has been made to ensure that the declarations / content of the DP4 Form are adequately criminally specific, thereby assisting in demonstrating a 'guilty mind' in instances of misuse / fraud:

“We may decide to take criminal action if you knowingly give false information or knowingly fail to declare a relevant change circumstances (e.g. health, care needs, finances, etc.), or fail to use the direct payment in part or whole to pay for care.”

3.6 Tenancy Fraud Key Amnesty delivered

3.6.1 In conjunction with the Housing Department, a Key Amnesty was delivered in February and March 2017, for the following reasons:

- In 2009, the Audit Commission in 2009 suggested that one of the best ways to combat housing tenancy fraud was via the use of public campaigns as they not only raise awareness of the issue but also encourage residents to report suspected illegal activity (not just tenancy fraud).
- Key Amnesties have been successful in other local authority areas, with many properties having been recovered on a low cost basis, and as a direct result and those in genuine need being housed quicker.
- City and County of Swansea had never before delivered a Key Amnesty, and as such the extent of illegal sub-letting in Swansea had never been tested.

3.6.2 Publicity urged Council tenants in Swansea who were illegally sub-letting their homes and living elsewhere to hand back their keys on a ‘no questions asked’ basis by 31st March, because from April onwards, the Council will push for maximum sentences in the courts which could mean up to two years in prison, a fine of up to £50,000 and recovery not only of the property, but also the proceeds from unlawfully renting the property together with all legal costs.

3.6.3 Although no keys were returned, the exercise was considered worthwhile as it appears to have demonstrated that the potential problem here in Swansea is nowhere near as widespread as in other parts of the UK.

3.6.4 However, there were lessons to be learned, in particular regarding a longer and broader publicity campaign to reach as wide an ‘audience’ as possible and to build up a momentum gathering ‘buzz’ in the community.

3.6.5 As a consequence, and because tenancy fraud may become an issue in Swansea via a ‘ripple effect’ from other parts of the UK, delivering another Key Amnesty will be considered in the near future.

3.7 External Audit undertaken on the use of DVLA data

3.7.1 The Government Internal Audit Agency (GIAA) aims to provide the DVLA with reassurance that personal data is being requested for legitimate purposes and handled in line with best practice and in accordance with the Data Protection Act.

3.7.2 In March 2017, the GIAA carried out a data assurance audit on behalf of DVLA.

3.7.3 The audit focused on requests made by CFT directly to DVLA via their Keeper at Date of Event (KADOE) service in connection with benefit fraud investigations

3.7.4 The purpose of the audit visit was:

- To confirm the reason for each vehicle keeper request made by CFT,
- To identify what evidence was available to support these requests,
- To see how the vehicle keeper data had been used, the security arrangements protecting the information once obtained, including who has access to it, what controls are in place and how long it is retained.

3.7.5 Subsequently, CFT received an overall audit rating of 'Green', which demonstrates a high level of compliance.

3.8 **NFI 2016 (NFI16)**

3.8.1 The National Fraud Initiative is a bi-annual data matching exercise delivered by the Cabinet Office.

3.8.2 Data matching involves comparing computer records held by one organisation against computer records held by the same or another organisation to see how far they match.

3.8.3 Records that are subject to data matching include:

- Blue Badge
- Creditors
- Council Tax Reduction
- Housing Benefits
- Housing tenants
- Housing waiting lists
- Immigration
- Market traders
- Payroll
- Pensions
- Personal alcohol licences
- Personal budgets for social care
- Right to buy
- Student loans
- Taxi licenses
- VAT overpaid

3.8.4 Matches can be an exact match or a very close match. As a consequence, report are categorised as High Priority, Medium Priority, and by Address.

3.8.5 Where a match is found it indicates that there may be an inconsistency that requires further investigation.

3.8.6 Therefore no assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out.

3.8.7 NFI16 Matches were published on a Cabinet Office secure web-site at the end of January 2017.

3.8.8 For City & County of Swansea, there are in excess of 10,000 matches with almost 2,000 classed as 'Recommended' matches.

3.8.9 Internally, the exercise is coordinated by the Chief Internal Auditor and CFT.

3.8.10 Initially, some 8,000 matches including almost 1,500 'Recommended' matches have been allocated to officers based in the following establishments:

- Accounts Payable.
- Audit.
- Corporate Fraud Team.
- Customer Services.
- Housing.
- Pensions.
- Revenues and Benefits.

3.8.11 Information on progress will be provided to a subsequent Audit Committee.

3.9 Continued participation in LA / DWP Joint Working Pilot

3.9.1 On 01.06.15, the DWP's Single Fraud investigation Service (SFIS) became solely responsible for investigating all welfare benefit frauds, including Housing Benefit and Council Tax Benefit.

3.9.2 However, due to concerns (raised mainly by LA's) regarding potential loss of local knowledge, reduced information sharing and CTR offences either not being investigated or LA's undertaking a separate investigation alongside SFIS investigations, the Government commissioned a feasibility study into joint working between LA's and SFIS.

3.9.3 Following the production of feasibility report, the Department for Communities and Local Government (DCLG) and Department for Work and Pensions (DWP) were asked to test the joint working of fraud allegations concerning both DWP Welfare benefit fraud and LA administered CTR.

3.9.4 Five LA's (in England, Scotland and Wales) were invited to participate in a joint working pilot, including the City and County of Swansea as the only Welsh participant.

3.9.5 The aim of the pilot was to bring together the combined expertise of the Welfare Benefit Fraud investigation services undertaken by DWP's SFIS and LA CTR fraud investigators.

3.9.6 The pilot ran from November 2015 to May 2016 and aimed to test two strands of fraud work between DWP and LA's:

- Sharing of information to support each organisation's fraud detection work.
- Joint investigations with a view to a single outcome / prosecution.

3.9.7 This approach was adopted in order to determine if the pilot could support the vision to minimise fraud and error across government.

3.9.8 Due to the initial success of the pilot, it was extended for a further 6 months

(May 2016 to November 2016) in order to fully test the processes involved in prosecutions:

- File preparation,
- Referral to and action by the Crown Prosecution Service,
- Issues raised and outcomes achieved in the Magistrate and Crown Courts.

3.9.9 At this time, the pilot sites increased from 5 to 7, with City & County of Swansea remaining as the sole Welsh participant.

3.9.10 At the end of the pilot, across the pilot sites, an analysis of the 464 joint working cases that commenced within the test period of November 2015 to November 2016, showed they collectively surpassed 100 positive outcomes:

- 22 Prosecutions
- 27 Administrative penalties
- 33 Positive Criminal
- 38 Positive Compliance

3.9.11 These outcomes yielded £1.34m of fraudulent overpayments were created of which around £86,000 relates to Council Tax Reduction.

3.9.12 Other headlines include:

- 231 No Result
- 113 Cases on-going
- £1.34m of fraudulent overpayments were created of which around £86,000 relates to Council Tax Reduction.

3.9.13 Between November 2015 and November 2016 City & County of Swansea achieved:

- 7 of the 22 national prosecutions to date – significantly outperforming other areas (Swansea at 27% - national average for the test sites is 10%).
- Just over £200k of fraudulent overpayments of which around £8,500 relates to Council Tax Reduction.

3.9.14 The general view of Government and stakeholders in the pilot is that joint working protects the integrity of the Welfare Benefit, Tax Credits, and Local Government systems. It also aims to contribute positively to the achievement of fraud performance measures across Government.

3.9.15 As the Government intends to roll-out joint working nationally from 2018, the pilot sites have adopted joint working as a 'business as usual' function.

3.9.16 Further, from December 2016, City & County of Swansea agreed to include Housing Tenancy Fraud in 'business as usual' joint working investigations.

3.9.17 Full details for City & County of Swansea for the period November 2015 to March 2017 are:

- 69 Cases considered:
 - 31 Live – including 2 with linked Housing Tenancy Fraud
 - 38 Closed.

- £235,081.38 Overpayments created:
 - £15,623.70 Council Tax Reduction
 - £108,034.13 Housing Benefit & Council Tax Benefit
 - £111,423.75 Benefits administered by DWP
- 7 Prosecutions.

3.10 **Continued to evaluate, consider and investigate a diverse range referrals in respect abuse, misuse and fraud.**

3.10.1 Appendix 3 provides a breakdown of all cases considered.

3.10.2 The following cases provide a 'flavour' of the varied nature of CFT's work and to highlight 'significant' investigations / cases concluded in 2016/17:

- Personnel issues:
 - Community Waste Recycling Site
 - Breakfast Clubs
 - Working whilst on sick leave
- Fake Goods Operation

More details about these cases are contained in Appendix 4.

4. Equality and Engagement Implications

4.1 There are no equality and engagement implications associated with this report

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

Background Papers: None

Appendices:

Appendix 1 - Headline Figures for all cases for 2016/17.

Appendix 2 - Review of the Plan for 2016-17 to outcomes achieved.

Appendix 3 - Headline Figures for employee cases for 2016/17.

Appendix 4 - Brief summaries of selected cases concluded in 2016/17.

Headline Figures for all Cases 2016/17

Overview of cases:

Type	Joint Working	CFT only	Total
Brought forward from 2015/16	11	24	35
New cases in 2016/17	55	188	243
Total	66	212	278

Status of cases:

Type	Joint Working	CFT only	Total
Cases closed	35	178	213
Cases to be considered	0	11	11
Cases under investigation	31	23	54
Total	66	212	278

Savings achieved:

Joint Working cases			
Created via CFT		Created via DWP	
Excess CTR Reduction	Other LA OP's	HB & CTB	DWP
£12,192.88	£1,791.75	£80,355.67	£68,609.80
£13,984.63		£148,965.47	
£162,950.10			

CFT only cases	
Actual OP Savings	Theoretical Savings
£21,649.53	£191,454.90
£213,104.43	

Total Savings
£376,054.53

Note: Savings for CFT only cases:

Actual Savings:

- Monies received or recovered, e.g. via:
 - Overpayments of HB/CTB/CTRS.
 - CTRS Administrative Penalties.
 - Proceeds of Crime Act 2002.
 - Unlawful Profit Orders - Prevention of Social Housing Fraud Act 2013.
- Assets recovered, e.g. a Council property returned to stock.
- Savings made by undertaking the task in a different way, e.g.:
 - The cost of CFT surveillance compared to an external third party.
 - Saving resulting from the strengthening of internal controls (comparisons on costs could be made year on year to calculate a net saving).
- Extra liability created, e.g. via the removal of Council Tax SPD.
- Overpayments created (available to be recovered / yet to be recovered).

Theoretical / notional:

These savings could be stand alone or claimed in addition to an actual saving:

- Recognised Industry Standards – including projected ongoing savings.
- Other justifiable savings, e.g.:
 - An employee on sick leave is due to retire in December. Due to CFT actions they instead retire a few months earlier. A theoretical saving is claimed for salary and on-costs saved for the period between the old and new retirement dates.
 - Resignations linked to disciplinary action, perhaps linked to pending disciplinary proceedings.
 - Projected ongoing savings based on potential prevented future loss where no industry standard is available, for example by putting a stop to frauds / irregular practices.

Unquantifiable Savings:

- Deterrent: The deterrent value of having a CFT, offering a confidential way to report concerns, acting on the concerns, taking appropriate sanctions and publicising successes is immeasurable.
- Procedural: Some internal investigation may not yield measurable actual or theoretical savings. However, they may and have resulted in changes in policies and procedures which will ultimately reduce the potential for loss.
- Morale: Again, some internal investigation may not yield measurable actual or theoretical savings. But, due to certain known practices being stopped and the perpetrator disciplined, then this could increase morale, performance and re-build bridges and trust between colleagues and managers.

Appendix 2 – Review of the Plan for 2016-17 to outcomes achieved

Activity	Detail	Target Outcomes	Outcomes Achieved
Consider new areas of activity: <ul style="list-style-type: none"> • Planning, • Preparation, • Procedures. 	To explore new areas with a view to undertaking proactive activity: <ul style="list-style-type: none"> • Business Rates. • Grants. • Personal budgets for social care. • Procurement. 	'Fact finding' in order to establish an understanding of relevant legislation and best practices. Devise and implement proactive 'pilot' exercises to: <ul style="list-style-type: none"> • Assist in ensuring that funds are used for the intended purposes. • Maximise income from Business Rates • Identify fraud and error. • Seek to recover losses. • Take criminal action in appropriate cases. 	Target partly achieved: The requirements of reactive work have not enabled CFT to undertake 'pilot' exercises. However, individual investigations into Personal Budgets for Social Care and procurement have been undertaken. As a consequence, knowledge and expertise has increased in these areas, and recommendations regarding procedures have been made as in order to enhance the robustness of processes and monitoring.
Tackle social housing tenancy fraud	Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud: from unlawful subletting to bogus succession claims.	Raise awareness of the problem of social housing fraud and the damage that it does. Prevent the unlawful succession to social housing properties by people that do not have a right to succeed the tenancy Detect properties purchased via fraudulent right to buy applications. Reduce the number of properties being unlawfully sub-let. Develop an effective process that expedites the recovery of properties where tenancy fraud has been identified.	Target achieved: Single points of contact have been established within the Housing Department and Legal Section. Guidelines / procedures have been devised in conjunction with Housing / Legal officers as regards necessary actions to expedite instances where Tenancy Fraud is identified. A Key Amnesty exercise was delivered in February and March 2017.

Activity	Detail	Target Outcomes	Outcomes Achieved
		<p>In accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006, where appropriate:</p> <ul style="list-style-type: none"> • Undertake criminal prosecutions. • Utilise Unlawful Profit Orders to recover any profit made by offenders. <p>Deliver a Key Amnesty campaign.</p>	
Tackle Council Tax fraud	Utilise internal and external Data Matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.	<p>Recover single person discounts 'incorrectly' claimed.</p> <p>Recover other disregards and discounts 'incorrectly' claimed.</p>	Target achieved: Incorrectly claimed discounts and exemptions have been identified via individual investigations and via internal & external data matching.
Tackle Council Tax Reduction (CTR) fraud	<p>Prior to the introduction of SFIS, Council Tax Reduction fraud was investigated by the HB Investigation Team. CFT will continue to investigate Council Tax Reduction fraud where no other welfare benefit is in payment.</p> <p>To continue to participate in the joint working pilot with SFIS.</p> <p>The initial pilot was for 6 months: November 15 to May 16. It has since been extended to October 16.</p>	<p>Sharing information and expertise:</p> <ul style="list-style-type: none"> • To ensure that the totality of welfare benefit and CTRS frauds tackled in the most efficient and effective manner. • To identify overpayments and excess reductions. • To take sanction action in appropriate cases. Administrative Penalties and prosecutions. 	<p>Target achieved: CFT remain committed to tackling CTR fraud both via the joint working pilot with SFIS (see point 3.9) and CFT only investigations.</p> <p>Note: Joint working with SFIS has been adopted as business as usual, and the Government intends to roll out joint working national from 2018.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
National Fraud Initiative (NFI)	<p>Continue to participate in the National Fraud Initiative.</p> <p>Since SFIS became responsible for investigating HB and CTB fraud and a Fraud and Error Reduction Incentive Scheme (Feris) Officer was appointed in the Revenues and Benefits Section, towards the tail end of NFI 2014 it became clear that the approach to subsequent exercises would need to change.</p> <p>So, from NFI16, due to be published in January 17, the Feris Officer will have a significant role in dealing with matches in respect of HB. Whereas, CFT will mainly deal with non-benefit related matches.</p>	<p>Liaise with the Feris Officer and SFIS to ensure that all relevant NFI Reports are examined/considered so that:</p> <ul style="list-style-type: none"> • Fraud, error, overpayments and excess reductions are identified. • To take appropriate against offenders. 	<p>Target achieved: NFI 16 reports were published at the end of January 2017. Internal Audit / CFT have coordinated the allocation of all appropriate reports. The examination of matches and monitoring thereof is underway (see point 3.8).</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
<p>Tackle other internal and external fraud, examples includes:</p> <ul style="list-style-type: none"> • Abuse of Position • Blue badge • Flexi time • Income collection and banking • Payroll • Pensions • Travel and subsistence • Etc 	<p>During 2016/17, CFT will continue to investigate various anomalies and referrals.</p> <p>CFT will continue to work with internal departments and external organisations in order to undertake risk assessments, and gather intelligence and evidence to point towards or away from fraud and error.</p> <p>Subject to available resources, CFT will consider and investigate any other frauds if it is in the best interests of the Council and the general public it serves.</p>	<p>Retain public confidence.</p> <p>Maintain the Council's good reputation.</p> <p>Identify fraud, error and over payments.</p> <p>Instigate criminal proceedings as appropriate.</p> <p>Recover losses.</p>	<p>Target achieved: CFT have undertaken reactive investigations in the majority of the areas mentioned in the 1st column.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
Raising Awareness	<p>Continue to raise awareness of the role of CFT both inside and outside the Council.</p> <p>The aim is to maintain reputation and to encourage the reporting of potential fraud in the belief that action will be taken.</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> • New - Develop a guide to Corporate Fraud for inclusion in HR Induction Training. • Existing - Develop and deliver training as and when required. • All - In partnership with Human Resources, deliver amendments to relevant Policies: Anti-Fraud and Corruption, Disciplinary, Whistleblowing. <p><u>Members:</u> Continue to deliver reports to the Audit Committee.</p> <p>When scheduled, deliver a presentation at the Audit Committee's Training Event.</p> <p><u>Contractors:</u> Develop a guide that highlights their role in combatting fraud.</p> <p><u>Public:</u> Continue to publicise activities, successes, and prosecutions.</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> • New – Target achieved: Guide developed for inclusion in HR Induction Training. • Existing - Target partly achieved: Training has been developed, and is ready to be delivered. • All – Target achieved: In August 2016, In partnership with Human Resources, amendments were made to relevant Policies: Anti-Fraud and Corruption, Disciplinary, Whistleblowing. <p><u>Members:</u> Target achieved: Reports / updates have been delivered to the Audit Committee (30.08.16, 13.12.16, 28.03.17).</p> <p>Target achieved: a presentation was delivered at the Audit Committee's Training Event on 13.12.16.</p> <p><u>Contractors:</u> Target partly achieved: Other priorities have meant the guide has not been fully developed.</p> <p><u>Public:</u> Target achieved: Publicity has been sought/release via the Councils public web-site and the South Wales Evening Post.</p>

Headline Figures for Employee Cases for 2016/17

Type	Cases	Employees
Brought forward from 2015/16	4	15
New cases in 2016/17	22	35
Total	26	50

Reason	Cases	Employees
Time keeping	4	19
Not following procedures	2	2
Expenses	1	1
Working whilst sick	4	4
Abuse of position	12	13
Theft	2	6
Various (combination of the above)	1	5
Total	26	50

Outcome	
Type	No
Agency staff dismissed	2
Misdemeanour letters / warnings issued	19
Resigned before disciplinary hearing	3
Action discontinued	17
Ongoing investigation	9
Total	50

Savings	Total £
For cases brought forward from 2015/16	£89,298.52
For new cases in 2016/17	26,269.31
Total	£115,567.83

Brief summaries of selected cases concluded in 2016/17

Personnel - Community Waste Site

This case was reported 'in camera' to the Audit committee in December 2016

Allegations were received that employees at a community waste site were complicit in allowing items such as clothing which should have been recycled to leave the site with a private individual for personal gain.

If proven, this would result in lost revenue and have a detrimental impact on the Council's recycling targets.

An investigation showed that 5 persons employed at the site were complicit in varying degrees (3 employed directly by the Council and 2 employed via an agency).

Wrongdoing included:

- Bags of clothing removed by a private individual.
- Other recyclable items being removed by private individuals (e.g. laptops, flat screen TV's).
- Allowing what appeared to be prohibited waste and / or trade waste to be deposited on site.
- Smoking on site.
- Leaving the site with less than the minimum number of required employees.
- Falsifying time keeping records.

The above practices / losses were stopped due to:

- Agency staff – employment of 2 staff immediately terminated.
- Council staff:
 - 1 verbally warned about future conduct.
 - 1 received a verbal and written warning about future conduct.
 - 1 suspended pending a disciplinary hearing into multiple charges of gross misconduct. They eventually resigned just 4 days prior to the hearing.

Savings attributable to this case amount to £84,688.00.

Personnel - Breakfast Clubs

An allegation was received that suggested that on Friday mornings a number of blue collar Council employees wearing liveried uniforms were signing on for work, leaving their work base in Council liveried vehicles, but instead of going to their job site, they would travel elsewhere, park up, and then partake of a 'sit-in' breakfast in a public establishment. If proven, it would be in contravention of management guidance.

After an initial evaluation visit, surveillance was undertaken on 4 consecutive Friday's to establish the nature and extent of the Breakfast club. During the investigation another Breakfast Club was discovered also involving blue collar workers at a different public establishment.

Again, after an initial evaluation visit, surveillance was undertaken on consecutive Friday's to establish the nature and extent of the second Breakfast club.

It was established that the Breakfast Clubs were repeated behaviour by the majority of the 17 subjects lasting around just over 30 minutes per subject on each occasion.

Details were passed to the Client Department and Human Resources to consider appropriate Disciplinary action. As a consequence:

- 'Informal' misdemeanour letters were issued to 17 employees in respect of unauthorised absence from work, and in some cases falsification of a time sheet. The employees were also reminded that:
 - Stopping for a sit down breakfast was not acceptable and in future they must to adhere to the departmental procedure which permits the taking of one 10 minute morning break at their job site.
 - If there is any repetition of this incident, the matter will be dealt with under the formal section of the Disciplinary Policy.
- In January 2017, the Head of Human Resources issued a directive to all Heads of Service regarding unpaid breaks. This was followed up in February 2017, by an article contained in the Top Brief Newsletter:

"Breaks during your working day EXCEPT in the normal course of your job duties and during your lunch break, you should not leave your place of work without prior authorisation from your line manager. In addition employees are also reminded that breaks taken during the working day should be accounted for in the hours worked and are unpaid. Such breaks include lunch, breakfast, smoking breaks etc. Managers will of course be flexible as the needs of the service dictate and there may be local arrangements in place. If in doubt employees should speak to their manager as failure to comply may result in action being taken in line with the appropriate policies."

Quantifiable savings attributable to both Breakfast Clubs amount to £8,983.38.

Immeasurable Savings include:

- Deterrent value on other (potential) Breakfast Clubs.
- Increased productivity due to improved morale in those who have not / do not participate in Breakfast Clubs, but have been aware that others do.
- Minimising the potential for reputational damage within the community.

Fake Goods

In December 2016, the two CFT Investigators participated in a multi-agency operation lead by Officers of the City & County of Swansea's Trading Standards Division. The following article summarises the operation.

Fake goods in £1m haul were destined for streets of Swansea

By South Wales Evening Post | Posted: December 12, 2016



Council bosses say social media is being used to sell fake goods.

THOUSANDS of items of fake electrical goods, clothing and cosmetics among a haul seized by the authorities were likely to have ended up being sold in Swansea.

Swansea Council's trading standards department was just one of the agencies involved in a joint operation, which saw counterfeit products worth £1 million seized when police pounced on a convoy 12 of vehicles travelling south on the M5.

Working with West Midlands Police and others, officers found six of the vehicles seized during the raid crammed full with counterfeit products including Kylie Jenner cosmetics, Ugg boots, GHD hair straighteners and fake MAC makeup sets.

Other goods taken, which were believed to be en route to Bristol Fruit Market, included fake Nike and Adidas trainers and various brands of perfume and aftershave.

The council became involved after investigating complaints locally from consumers who had purchased goods via social media sites including Facebook and Instagram.

Mark Child, Swansea Council's cabinet member for wellbeing & healthy city, said: "We've seen an increase in the sale of counterfeit goods across the country. Social media is being used as a platform to sell these products.

"All of these counterfeit goods are poorly constructed and have not been put through the rigorous safety tests that genuine products are subject to. This means consumers are put at risk, especially where electrical products are concerned.



Some of the goods seized by police and trading standards officials.

"The seizure of this very large haul of counterfeit goods is the result of a lot of hard work by a number of agencies all working together and sharing the information they have.

"This is an excellent result for all the agencies involved as well as the public and businesses that are affected by the sale of counterfeit products."

The raid is the latest phase of Operation Jasper, a long running campaign, coordinated by the National Markets Group and trading standards.

The aims of the raid are to disrupt the flow of cheap, dangerous, counterfeit goods by gangs who supply rogue traders at Bristol Fruit market, as well as Facebook and Instagram sellers who get them from the market, and sell them on to members of the public.

The gang's activities came to light after painstaking intelligence work by agencies, such as the Government Agency Intelligence Network (GAIN) and the Intellectual Property Office (IPO).

Baroness Neville-Rolfe, Minister of State for Energy and Intellectual Property, said: "I would like to congratulate Trading Standards and their partners in law enforcement and the private sector for keeping dangerous fake goods away from market stalls and out of the hands of the public.

Rhys Harries from Swansea Council's trading standards department.

"As the festive season begins we must do everything we can to make sure unscrupulous traders selling counterfeit goods do not take advantage of consumers looking for a Christmas bargain.

"This is not a victimless crime. The sale of counterfeit goods hurts honest businesses who lose trade and consumers who risk buying shoddy or even dangerous goods. Counterfeiters should expect a lean Christmas."

Some of the tactics used in the latest investigation included using ANPR technology to track the movement of a number of vehicles over a long period of time along with the seizure of mobile phones and satellite tracking equipment used by the gangs.

Other Welsh trading standards teams involved in the operation included Carmarthenshire, Neath Port Talbot and Caerphilly.

Personnel - Employee working whilst on sick leave

Information was received from Human Resources that an employee may be working whilst on sick leave relating to mobility issues.

In fact the work undertaken in and out of work is the same and requires full mobility.

Following an evaluation and risk assessment visits an investigation commenced.

It was established via that the employee had historically been running a company undertaking the work.

However, the employee had not sought any approval for secondary employment.

A period of surveillance was undertaken which established that the employee was undertaking the physical work whilst on sick leave.

Whereas the employee had advised Human Resources that they were unable to attend sickness interviews due to back pain which may require an operation.

The details of the investigation were passed to the client department and Human Resources to consider what further action should be taken.

Subsequently, a letter was issued inviting the employee to a disciplinary investigation meeting to discuss the following allegations:

- Undertaking work whilst on sick leave from the Authority
- Breach of the Management of Absence Policy
- Breach of Trust and Confidence

However, prior to the Hearing, the employee tendered their resignation with immediate effect. Their resignation was accepted and their post was advertised.

Quantifiable savings in respect of this case amount to £20,128.81.