



Report of the Chief Auditor

Governance & Audit Committee – 6 December 2023

Internal Audit Section – Corporate Fraud Function Mid-Year Update Report for 2023/2024

Purpose:	This report provides a mid-year update on the work undertaken by the Corporate Fraud Function in 2023/24.
Policy Framework:	None.
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For Information	

1. Introduction

- 1.1 The Anti-Fraud Plan for 2023/2024 was presented and approved at Governance and Audit Committee on 19 July 2023.
- 1.2 This report provides a summary of the activities of the Fraud Function for the first half of the year 2023/24 and reviews progress against the outcomes contained in the Fraud Function Anti-Fraud Plan 2023/2024.

2. Team Structure

- 2.1 A Fraud Team Manager was appointed in May 2023. The post was ringfenced to the current three investigation officers, and now the team structure is a Fraud Manager and two Fraud Investigators.

3. Mid-Year Review of Outcomes against the Corporate Fraud Function Anti-Fraud Plan for 2023/24

- 3.1 In accordance with the corporate worktime and accommodation strategy, the team continues to operate in a hybrid manner splitting time between home and office location. Good progress has been made against all eight planned activities

contained within the Corporate Fraud Function plan and the team are on target to complete all activities by year end. Appendix 1 provides commentary against these activities.

- 3.2 Within the first half year the team have recorded total savings of £150,483.94 and issued a civil penalty of £100. In addition, the team have assisted in the recovery of the return of two properties back to housing stock.
- 3.3 As noted in the Annual Report for 2022/23, the teams' limited resources and the requirements of reactive work continue to impact the ability to be proactive in certain areas albeit the National Fraud Initiative exercise is considered a proactive exercise. However, a proactive exercise in respect of housing stock being used as short-term serviced holiday accommodation was completed in the first half of the financial year.
- 3.4 Urgent employee investigations continue to be prioritised and time critical responses and actions are undertaken. The team continue to support human resources in disciplinary investigations.
- 3.5 The team continues to receive and evaluate a consistently high level of reports of alleged fraud and continues to respond to high levels of data requests consistent with previous years.

4. Inter-Agency work and Data Exchange

- 4.1 During 2023/24 the team has continued to develop its role in inter-agency working and data exchange.
- 4.2 Staff have continued to lead regular meetings and continued to shape the development of the Welsh Fraud Officers group.
- 4.3 The team are directly involved or assisting in with multi-agency investigations with the Police, DWP Organised Crime, NHS, and The Home Office.

5. Integrated Assessment Implications

- 5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
 - Deliver better outcomes for those people who experience socio-economic disadvantage.
 - Consider opportunities for people to use the Welsh language.

- Treat the Welsh language no less favourably than English.
 - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 5.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental, and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals.
- 5.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 5.4 The IIA indicated that there are low impacts on any identified group and the Corporate Fraud Mid-Year Update Report applies equally to all. Public consultation and engagement are not required for the report. All Wellbeing and Future Generations Act considerations are positive, and the risk identified is low. The overall impact of the report is positive, as it will support the Authority in its requirement to protect public funds. (See Appendix 2 for IIA)

6. Financial Implications

- 6.1 There are no financial implications associated with this report.

7. Legal Implications

- 7.1 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 – Mid-Year Review of the Corporate Fraud Function Anti-Fraud Plan for 2023/24

Appendix 2 – Integrated Impact Assessment Screening Form

Appendix 1 – Mid- Year Review of the Corporate Fraud Function Anti-Fraud Plan for 2023/24

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
1. 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.	<p>Raise awareness of the problem of social housing fraud and the damage that it does.</p> <p>Prevent the unlawful succession to social housing properties by people that do not have a right to succeed the tenancy.</p> <p>Reduce the number of properties being unlawfully sub-let.</p> <p>Recover properties where tenancy fraud has been identified.</p> <p>Undertake criminal prosecutions & utilise Unlawful Profit Orders to recover any profit made by offenders, in accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006.</p>	<p>Good progress - On target to be achieved.</p> <p>The team have continued to receive a number of referrals from the public and the Housing Department</p> <p>Full investigations are being undertaken and two properties have been recovered into housing stock in the first half year.</p>
2. 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>	<p>Good progress - On target to be achieved.</p> <p>Incorrectly claimed discounts, exemptions, and premium charges, have been identified via individual investigations and via internal & external data matching.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
		<p>Identify cases of council tax evasion through non-registration of liability and banding.</p> <p>Identify cases that should attract a premium charge.</p>	<p>Advice has been provided to the Revenues & Benefits Section in the application of Datatank SPD Matching.</p> <p>Revenues & Benefits Section are due to look at Datatank SPD Matching where CTR is in payment in the second half of the year.</p>
<p>3. Tackle Council Tax Reduction fraud</p>	<p>Continue to work with DWP's Counter Fraud Division in countering CTRS fraud.</p>	<p>Sharing information and expertise between the Fraud Function & DWP's CFCD.</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>Collaborate with Benefits section on cases identified on Datatank smart referrals where there is a council tax reduction interest and provide</p>	<p>Good progress - On target to be achieved.</p> <p>The team have continued to receive referrals in this area and provided support.</p> <p>Full investigations are being undertaken, including jointly with the DWP.</p> <p>Revenues & Benefits Section are due to look at Datatank SPD Matching where CTR is in payment in the second half of the year, which could not only impinge on SPD but also on CTR.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
		support and investigate further where needed.	
4. Cabinet Office National Fraud Initiative	Commence the National Fraud Initiative 2022 .	<p>To ensure an appropriate number of matches are examined with particular reference high fraud risk matches.</p> <p>To identify processes and procedures that need to be made more robust.</p> <p>To identify overpayments and excess reductions.</p> <p>To take appropriate action against offenders.</p> <p>As identified as a potential weakness in NFI 2020, review all matches in respect of housing waiting lists.</p>	<p>Good progress - On target to be achieved.</p> <p>Matches have been referred to client departments and Corporate Fraud continue to monitor progress and provide advice.</p> <p>Corporate Fraud has taken responsibility for housing and waiting list matches and anticipate positive results within the NFI cycle.</p> <p>In the 2nd half of the year, Corporate Fraud will consider new matches linking housing stock to property ownership.</p>
5. Internal Employee Matters <ul style="list-style-type: none"> • Abuse of Position • Travel and subsistence • Flexi time/timekeeping 	<p>Continue to assist Human Resources & Organisational Development in conjunction with various client departments.</p> <p>The Fraud Function will continue to work with internal departments and external organisations in order to</p>	<p>Support disciplinary process.</p> <p>Consider as appropriate criminal/civil proceedings.</p> <p>To take appropriate action against offenders</p>	<p>Good progress - On target to be achieved.</p> <p>Urgent employee investigations continue to be prioritised and time critical responses provided.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
<ul style="list-style-type: none"> Other matters of misconduct/gross misconduct 	<p>undertake risk assessments and gather intelligence and evidence to point towards or away from fraud and error.</p>	<p>Maintain the Council's good reputation.</p>	<p>The team continue to support Human Resources in any disciplinary investigations.</p>
<p>6. Tackle other internal and external fraud, examples include:</p> <ul style="list-style-type: none"> Procurement fraud Social Care (Direct Payments) Blue badge Income collection and banking Grants Payroll Pensions <ul style="list-style-type: none"> Etc. 	<p>During 2023/2024, the Fraud Function will continue to investigate various anomalies and referrals.</p> <p>The Fraud Function 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>Once additional resources have been appointed the Fraud Function will seek to proactively expand into previously under resourced areas.</p>	<p>Maintain public confidence by being 'transparent'.</p> <p>Identify fraud, error and over payments.</p> <p>Assist in the recovery of 'losses', financial or otherwise.</p> <p>Provide identity verification and case assurance to the Economic Funding Team when administering grants including the Share Prosperity Fund.</p>	<p>Good progress - On target to be achieved.</p> <p>The team has considered all allegations received and conduct investigations or provide advice where needed.</p>
<p>7. Raising Awareness</p>	<p>Continue to raise awareness of the role of the Fraud Function 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>To work with HROD to develop bi-annual fraud awareness training for</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> New – Carried forward from plan 2021/22. A guide to Corporate Fraud is included in Corporate Induction Training provided by Human Resources. Existing – Continue to develop and deliver bespoke training and support that is responsive to 	<p>Good progress - On target to be achieved.</p> <p>The team continue to liaise with Human Resources on Corporate Induction Training, and it is anticipated that this will be introduced in the 2nd half of the financial year.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved to Date
	all employees.	<p>changes in threat. HROD are due to roll out online training to relevant officers imminently.</p> <p><u>Members:</u></p> <ul style="list-style-type: none"> • Deliver presentations/reports/training to the Governance and Audit Committee and other members that develops knowledge and understanding that will develop effective scrutiny. <p><u>Public:</u></p> <p>Continue to publicise activities, successes, and prosecutions.</p>	
8. Policy and Procedure Developments	Review the internal corporate fraud administrative management system to ensure it is fit for purpose.	Consider current arrangements in line with potential alternative cost effective internal and external options.	Good progress – Internal and external sources have been reviewed and work will continue in the 2 nd half year to consider alternative available technology packages to provide improved management and reporting solutions.