



## Report of the Chief Auditor

Governance & Audit Committee – 19 July 2023

# Internal Audit Section – Fraud Function Anti-Fraud Plan for 2023/2024

<b>Purpose:</b>	This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2023/24 and is designed to provide a strategic view of the areas that will be subject to examination.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that Committee review, discuss and approve the Anti-Fraud Plan for 2023/24. (As at Appendix 3).
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## 1. Introduction

### 1.1 Obligation to combat fraud:

- S151 Local Government Act 1972 – *“Every Local Authority is under a statutory duty to secure the proper administration of its financial affairs”,* (i.e., to safeguard public funds).
- Council Constitution - The obligation set out in S151 is underpinned by the Financial Procedure Rules (FPR's) contained in the Council's Constitution. FPR's are the codification of the principles of sound financial management.

### 1.2 Principles of tackling fraud:

The aim of the Fraud Function is to adhere to the requirements set out in 1.1 by way of effective and appropriate actions in respect of combatting all fraud whether it is

perpetrated from outside or inside the Council. The Fraud Function's approach will achieve this by focusing on three key themes:

- Acknowledge - Prevent - Pursue
- 1.3 Ensuring the counter fraud response is comprehensive and effective. Where possible, performance should be compared against each of the following six themes:
- Culture
  - Capability
  - Capacity
  - Competence
  - Communication
  - Collaboration
- 1.4 The Council's existing Anti-Fraud and Corruption Policy summarises the Council's position, building on the content of a number of corporate policy statements, including:
- Anti-Fraud and Corruption Policy<sup>1</sup>
  - Codes of Conduct (members and employees)
  - Corporate Risk Register
  - Disciplinary Policy
  - Whistle-blowing Policy
- 1.5 Overarching the above policies is the fact that Council Members and Officers are expected to adopt the highest standards of propriety and to follow the '*Nolan principles*'<sup>2</sup> of public life which are:
- Selflessness
  - Integrity
  - Objectivity
  - Accountability
  - Openness
  - Honesty
  - Leadership
  - Uphold the law.
  - Stewardship
  - Equality and respect

## **2. The Aims of the Anti-Fraud Plan**

- 2.1 The Anti-Fraud Plan (AFP) represents the broad areas that will be covered and sets out to provide a balance between proactive and reactive counter fraud activity. It covers the activities of the Council that the Director of Finance and S151 Officer and the Chief Auditor consider to be the most likely to be subjected to fraud in some form, either from within the organisation or from external sources. It is hoped that there will be an increase in proactive activity when the planned expansion of resources has become embedded. See below.

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<sup>1</sup> This policy was last revised 2021/22 and is awaiting HROD approval and is subject to further continual review.

<sup>2</sup> The 'Nolan principles', which are the basis of the ethical standards expected of public office holders. The 10 principles of public life apply to anyone who works as a public officeholder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, the courts and probation services, non-departmental public bodies, health, education, social and care services. The principles also apply to all those in

- 2.2 The AFP aims to build on activities and outcomes identified, and also aims to focus on ‘high risk’ areas where the most significant losses can occur.
- 2.3 Additionally, the AFP for 2023/2024 will continue to incorporate those works streams directly attributable to or supported by the Fraud Function that were reported to the Governance & Audit Committee 09/03/21 by the Deputy Chief Executive in response to the Audit Wales report on Public Sector Fraud. ‘Raising Our Game – Tackling Fraud’  
<https://www.audit.wales/publication/raising-our-game-tackling-fraud-wales>
- 2.4 Some of the matters investigated by the Fraud Function will progress to criminal investigation and others will not, but in all cases appropriate action will be considered / taken, for example disciplinary proceedings in respect of Council employees.
- 2.5 Actions of the Fraud Function which overlap with Human Resources & Organisational Development (HROD) functions (and vice versa) will be subject to the ‘*Memorandum of understanding and expectations*’, which aims to:
  - Address the potential overlap between disciplinary and criminal investigations/offences.
  - Clarify the roles of HROD and the Fraud Function, in particular the meaning, remit and purpose of the HROD Disciplinary Investigating Officer and the Fraud Function’s Investigation Officer.

### **3. Measuring the value of the Fraud Function**

- 3.1 The value of the Fraud Function to the organisation can be measured via the following headings:

#### ***Deterrent value:***

The deterrent value of having a Fraud Function, offering a confidential way to report concerns, acting on the concerns, taking appropriate sanctions, and publicising successes is immeasurable.

#### ***Strengthening procedures:***

Some internal investigations may not yield immediate and / or quantifiable financial outcomes. However, they may result in changes in policies and procedures that ultimately reduce the potential for loss by fraud or error by enhancing the robustness of those policies and procedures.

#### ***Quantifiable financial outcomes:***

Fraud Function activities may identify money and/or assets that have been claimed/misappropriated via fraud or error, which can then be targeted for recovery. For example:

- Overpayments of Housing Benefit /Council Tax Reduction.
- Council properties returned to stock.
- Money resulting from action taken under the Proceeds of Crime Act 2002.

- 3.2 In addition, Fraud Function activities may result in extra liability being created, for example via the removal of Council Tax discounts and exemptions.
- 3.3 Annual, Mid-Year and progress reports to the Governance & Audit Committee on the Fraud Function's activities are a key part of assurance supporting the Annual Governance Statement which is published with the Annual Statement of Accounts.
- 3.4 The Fraud Function contributes to the Council's corporate vision and priorities by investigating allegations of fraud and corruption against the Authority, both from within the organisation and from external third parties.

#### **4. Focussing Fraud Function resources**

- 4.1 When considering where to focus the Fraud Function's resources due regard is given to:
- The Chartered Institute of Public Finance and Accountancy's (CIPFA's) '*Code of Practice on Managing the Risk of Fraud and Corruption*' and '*Fighting Fraud Locally*'.
  - CIPFA's March 2020 report 'Tackling fraud in the public sector - a local government perspective'.
  - '*CIPFA Fraud and Corruption Tracker (CFact) Results 2020*'  
The results of CIPFA's survey aim to provide a national picture of fraud, bribery and corruption in local government in England, Scotland and Wales.
  - '*Review into the risks of fraud and corruption in local government procurement A commitment from the UK Anti-Corruption Strategy 2017- 2022*'
  - The requirements of FPR's, external guidance, best practice and legislation.
  - The extent and scope of counter fraud activity in previous years, including the previous investigations, Internal Audit reports and recommendations made to strengthen controls or enhance systems.

#### **5. Summary**

- 5.1 The aim of this document is to demonstrate the Council's ongoing commitment to tackle fraud, promote the highest levels of integrity, minimise the potential for reputational damage, and ensure transparency by 'being seen to be getting its own house in order'.

#### **6. Integrated Assessment Implications**

- 6.1 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.

6.1.1 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.

6.1.2 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.

The IIA indicated that there are low impacts on any identified group and the Fraud Function Anti-Fraud Plan for 2023/2024 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 4 for IIA).

## **7. Financial Implications**

7.1 There are no financial implications associated with this report.

## **8. Legal Implications**

8.1 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 - Anti-Fraud Risk Assessment Checklist 2023/24.

Appendix 2 - Anti-Fraud Statement 2023/24.

Appendix 3 - Anti-Fraud Plan 2023/24.

Appendix 4 - Integrated Impact Assessment Screening Form.

## Appendix 1 – Anti-Fraud Risk Assessment Checklist 2023/2024

General	Yes	No
1. Do we have a zero-tolerance policy towards fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
This is explicitly set out within the Anti-Fraud and Corruption Policy and includes the code of conduct and advice on preventing Bribery. Where there is sufficient evidence, appropriate action, including criminal proceedings, will be taken. Internal and external web pages reinforce this stance.		
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swansea Council has a full suite of appropriate policies in place, which are subject to regular review.		
3. Do we have dedicated counter-fraud staff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dedicated Fraud Function currently with three qualified full-time investigators. See also 17 below.		
4. Do counter-fraud staff review all the work of our organisation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The Internal Audit Plan, which is approved annually by the Governance & Audit Committee, takes a risk-based approach in deciding which areas are selected. There are insufficient resources available to cover every single area in the Council. Internal Auditors will always be alerted for potential control weaknesses in our systems, and for any potentially fraudulent behaviour.		
5. Have we an Audit Committee with a portfolio for fighting fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One of the Governance & Audit Committee's terms of reference is to monitor the counter fraud strategy, actions and resources. The Committee meets at least bi-monthly and are an effective strategic partner in fighting fraud.		
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Governance & Audit Committee receive an annual Anti-Fraud and Corruption report a Mid-Year report and approve the Annual Anti-Fraud Plan, plus on-going internal audit reports at every meeting where any fraud risks would be highlighted and management are required to respond promptly.		
7. Have we assessed our management of counter-fraud work against good practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We use Cross Governments Landscape, Fighting Fraud Locally, Annual Fraud Indicators and CIPFA (Chartered Institute of Public Finance and Accountancy) resources including their Code of Practice 'Managing the Risk of Fraud and Corruption', and the results of their Fraud and Corruption Tracker survey.  The Council is a member of NAFN (National Anti-Fraud Network) and participates in the NFI Cabinet Office (National Fraud Initiative) bi-annual exercise.  This, coupled with other sources and affiliates, e.g., the Wales Audit Office, Welsh Chief Auditors Group and Welsh Fraud Officers Group, ensures we receive regular updates on best practice, legislation etc. Fraud Function officers continually attend relevant anti-fraud related training events and are Accredited Counter Fraud Officers / Specialists.		

8. Do we raise awareness of fraud risks with:		
• New staff (including agency staff)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fraud awareness material containing a meaningful introduction to the Fraud Function is included in Corporate Induction training. This includes making new staff fully aware of relevant policies including the Anti-Fraud and Corruption Policy.		
• Existing staff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fraud Function web pages are available on the Staffnet, however, these are reviewed and updated as necessary.		
• Elected members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Information on fraud and corruption risks is included in the Members Induction programme.  Presentations are regularly delivered to the Governance & Audit Committee, including reports on Fraud Function activities and ongoing training in respect of fraud awareness is contained within the GAC work programme. Discussions are to be undertaken with Democratic Services to develop this fall all elected members.		
• Contractors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
There are robust controls in the Council Constitution's Contract Procedure Rules to guide and protect officers with a dedicated Council Procurement Team that supports all Council Services to ensure public funds are spent appropriately and with appropriate due diligence of suppliers; also through our procurement process there are multiple declarations that suppliers and contractors must sign such as an anti-collusion clause to ensure competition for contracts is open and fair and declarations relating to any convictions for fraud (and such clauses are 'termination events', i.e. should suppliers submit data that is found to be false then this would lead to the contract being terminated and where appropriate referring the matter for further investigation)		
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Members of the National Anti-Fraud Network (NAFN) Members of TFF (Tenancy Fraud Forum). Members of the Wales Fraud Officers Group. Members of the Local Organised Crime Board Members of the Wales Fraud Forum Participates in NFI (National Fraud Initiative). Has links to CIPFA (Chartered Institute of Public Finance & Accountancy). Has dialogue Welsh Government Fraud Unit and Audit Wales Attends the Welsh Chief Auditors Group.		
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Through the National Fraud Initiative. Always responds promptly to information requests, e.g., from other agencies in relation to requests under Schedule 2 Part 1 Paragraph 2 of the Data Protection Act 2018 (prevention and detection of crime). Joint working with DWP Counter Fraud & Compliance Debt Service and other agencies. e.g., South Wales Police & NHS fraud Reports relative incidences of fraud to Action Fraud and NAFN.		

11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal Audit carry out a number of pro-active audits that look to identify weaknesses in control. Any other audits consider the possibility of failure of control leading to fraud.		
12. Do we maximise the benefit of our participation in the National Fraud Initiative administered by the Cabinet Office, and receive reports on our outcomes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>General:</u> The Audit Section co-ordinates the collation of data for submission to NFI. Audit / Fraud Function also receive details of potential frauds and either investigate or distribute to relevant sections. Audit /Fraud Function monitors the progress of investigations via the NFI's on-line reporting facility.		
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Council's suite of policies contains an Anti-Money Laundering Policy. All policies are readily available on Staffnet. Specific web pages also highlight this issue.		
14. Do we have effective arrangements for:		
• Reporting fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
All financial irregularities should be reported to the Chief Auditor – this is stated in many policies and the FPR's. Additionally, there is a specific Whistleblowing Policy.  Web pages are available containing a stand-alone narrative on the types of fraud and how to report them.		
• Recording fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Fraud Function keep records of all fraud reported to them.		
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
• Aware of our whistle-blowing arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We have a policy in place which was recently reviewed by Internal Audit, and it is available to all staff on the Council's Staffnet.		
• Confident in the confidentiality of those arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No evidence to suggest to the contrary.		
• Confident that any concerns raised will be addressed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No evidence to suggest to the contrary.		
16. Do we have effective fidelity guarantee insurance arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cover: All persons under a contract of service apprenticeship with or hired or loaned to the Named Insured to the value of £10,000,000  Designated Officials such as Chief Treasury & Technical officer to the value of £20,000,000, and £30,000 to those designated officials in cases of employee fraud.		



<b>Fighting Fraud with reduced resources</b>		
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>An Audit based Fraud Function consists of 3 officers, but existing Audit staff can assist Fraud Function staff as and when appropriate.</p> <p>The caseload will continue to be monitored and if necessary, notwithstanding the overall resource constraints, the Section 151 Officer and Audit Committee will continue to give due regard to whether additional resource needs to be applied to the fraud function.</p>		
<b>Current risks and issues</b>		
<b>Housing tenancy</b>		
18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Housing Department staff carry out checks prior to allocation of housing.		
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Checks are carried out by Housing Department staff responsible for appropriate 'estate management' action in instances where the 'lawful tenant' is not in occupation.</p> <ul style="list-style-type: none"> <li>• Up to date awareness sessions will continue to need to be delivered to relevant Housing Department staff as necessary.</li> <li>• The Fraud Function is continuing to develop specific processes to aid identification, investigation, and prompt resolution of tenancy fraud cases utilising relevant legislation including: <ul style="list-style-type: none"> <li>• The Prevention of Social Housing Fraud Act 2013, and,</li> <li>• The Prevention of Social Housing Fraud (Detection of Fraud) (Wales) Regulations 2014.</li> <li>•</li> </ul> </li> <li>• The fraud function will continue to monitor developments in the illegal subletting of council properties as short term service accommodation.</li> </ul>		
<b>Procurement</b>		
20. Are we satisfied our procurement controls are working as intended?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Controls appear to be adequate - Contract Procedure Rules.</p> <p>Subject to the new resources being implemented, the Fraud Function intends to develop proactive rather than reactive work in this area.</p>		

21. Have we reviewed our contract letting procedures in line with best practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Procedures appear to be adequate. There has been no credible criticism of the Council's procurement procedures, e.g., from unsuccessful bidders.		
<b>Recruitment</b>		
22. Are we satisfied our recruitment procedures that:		
• Prevent us employing people working under false identities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Human Resources & Organisational Development impose rigorous controls of this nature for appointments.		
• Confirm employment references effectively?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development – References Policy.		
• Ensure applicants are eligible to work in the UK?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development.		
• Require agencies supplying us with staff to undertake the checks that we require?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development		
<b>Personal Budgets for Social Care (Direct Payments)</b>		
23. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Personal Budgets have been subject to Departmental and Internal Audit review.  Subject to the new resources being implemented, the Fraud Function intends to develop proactive rather than reactive work in this area.		
24. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The existing whistle-blowing policy is fit for purpose and has been revised in 20/21. The Fraud Function web pages also reinforce the message.		
<b>Council tax discount &amp; exemptions</b>		
25. Do we take proper action to ensure that we only award discounts and exemptions to those who are eligible?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Council Tax Section undertakes regular postal and in-person reviews. In 2023 'Data Tank' was commissioned to identify cases where an award of SPD may not be appropriate and review every match.  'Data Tank' will undertake rolling reviews instead of completing a bi-annual exercise.  This risk in this area was again underlined by the CIPFA Fraud and Corruption Tracker Results 2020.  Avoidance of second home and empty property premiums, is actively pursued by a nominated officer and supported by the Fraud Function as necessary.		

<b>Housing benefit</b>		
26. When we tackle housing benefit fraud do we make full use of data matching?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
As a Council, we utilise data matching via several avenues: <ul style="list-style-type: none"> <li>• VEP (Verifying Earnings and Pensions) Alerts and checks – real time information from HMRC supplied by DWP.</li> <li>• Housing Benefit Matching Service – monthly via the DWP.</li> <li>• National Fraud Initiative – biannually via the Cabinet Office.</li> <li>• Interactive Data Extraction and Analysis software – as and when necessary, via the Audit Section.</li> </ul>		

Other fraud risks		
27. Do we have appropriate and proportionate defences against the following fraud risks		
<ul style="list-style-type: none"> <li>Business rates?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The Council has a process of postal and in-person reviews to check properties for indication of a business operating undeclared.</p> <p>Subject to available resources, this is an area that the Fraud Function intends to explore to determine the extent of any fraud, in particular:</p> <ul style="list-style-type: none"> <li>Properties occupied by a registered charity or community amateur sports club, and used for charitable purposes which can be awarded 80% mandatory or 100% discretionary relief.</li> </ul>		
<ul style="list-style-type: none"> <li>Right to Buy?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>To help tackle the shortage of affordable housing Welsh Government abolished the 'Right to Buy' scheme in Wales on 26.1.2019.</p>		
<ul style="list-style-type: none"> <li>Council Tax Reduction?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Joint working with DWP's Counter Fraud Compliance &amp; Debt Service is a business-as-usual function.</p>		
<ul style="list-style-type: none"> <li>Schools?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>There is a school's audit programme within the Internal Audit plan each year.</p>		
<ul style="list-style-type: none"> <li>Grants?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>There is a grants audit programme within the Internal Audit plan each year.</p>		

## Appendix 2 - Anti-Fraud Statement 2023/2024

### 1. Defining Fraud

- 1.1 What is fraud? The Fraud Act 2006 details the legal definition of fraud and is used for the criminal prosecution of most fraud offences. The Council also deals with fraud in non-criminal matters. For the purposes of this strategy, fraud is defined as:

*'...the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.'*

The definition covers various offences including deception, forgery, theft, misappropriation, collusion and misrepresentation.

- 1.2 What is Corruption? Corruption is defined as...

*'...the offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person.'*

These inducements can take many forms including cash, holidays, event tickets, meals.

- 1.3 What is Bribery? The Bribery Act 2010 creates offences where:

*'...an individual or commercial organisation offers or receives a bribe to bring about or reward the improper performance of a function or activity.'*

Bribery can be the acceptance of gifts, money, and hospitality in return for providing something of value to the briber. More information on bribery can be found in the Council's 'Anti-Fraud and Corruption Policy'.

- 1.4 What is Theft? The Theft Act 1968 details the legal definition of theft. For the purposes of this statement, theft is defined as...

*'...the taking without consent and with the intention of not returning any property belonging to the Council or which has been entrusted to it e.g., client funds, including cash, equipment, vehicles, data, etc.'*

Theft does not necessarily require fraud to be committed. Theft can also include the taking of property belonging to our staff or Members whilst on Council property.

- 1.5 What is Financial Malpractice/Irregularity? This term is used to describe...

*'...any actions that represent a deliberate serious breach of accounting principles, financial regulations or any of the Council's financial governance arrangements.'*

These actions do not have to result in personal gain.

## 2. Statement of Intent

2.1 We recognise that dealing with fraud is important and that there is a duty to the citizens and Council Taxpayers of the Authority and Welsh and UK Governments to ensure that all public funds are administered correctly.

2.2 We aim to cover the principles set out in the '*CIPFA Code of Practice on managing the risk of fraud and corruption*' that define the governance and operational arrangements necessary for an effective counter fraud response. The five key principles are to:

- Acknowledge the responsibility of the relative body for countering fraud and corruption.
- Identify the fraud and corruption risks.
- Develop an appropriate counter fraud and corruption strategy.
- Provide resources to implement the strategy.
- Take action in response to fraud and corruption.

2.3 Our intention to combat fraud and corruption is made up of the following key elements:

### **Acknowledge**

The Council acknowledge that as an organisation we are at risk of fraud and will seek to understand our fraud risks, we will:

- Maintain the Fraud Function whose officers are trained and qualified to an appropriate level.
- Maintain a risk-based approach to tackling fraud referrals to make optimum use of the available resources.

### **Prevent**

The Council recognises that fraud and corruption are costly, in terms of both financial losses and reputational risk. The prevention and detection of fraud is therefore a key objective of the authority. The Internal Audit Section and its Fraud Function are mutually complimentary and work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that, resources permitting, includes pro-active work determined by a formal risk assessment. In addition, the Fraud Function will work with other agencies in pursuance of the Council's anti-fraud aims. In addition, the prevention and detection include a commitment to:

- Continue to promote a zero tolerance anti-fraud culture across the community by publicising the impact of fraud on the community. We will also continue to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore, we will continue to deter fraudsters through specific publicity and general campaigns.
- Publicise counter fraud work to the widest possible audience and appropriate successful prosecutions will be reported, where permissible to the media.
- Undertake data matching exercise with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.
- Continue to ensure it has access to all intelligence sources and best practice to combat fraud and corruption, for example via the National Anti-Fraud Network (NAFN) and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Operate a Whistleblowing policy to ensure concerns of internal probity can be raised in confidence and ensure protection for those who come forward.

- Strive to prevent fraud from entering systems in the first place by ensuring that appropriate staff receive fraud awareness signposts/training/material.

### **Pursue**

The Council will take a strong approach to punishing fraud and recovering fraud losses:

- In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on our Human Resources & Organisational Development Policies and the Code for Crown Prosecutors, which includes the evidential and public interest tests for prosecution.
- In all appropriate cases of fraud or corruption recovery action will be taken to ensure the money is returned to us, this may include civil recovery methods or recovery through criminal proceedings using the Proceeds of Crime Act where appropriate.
- The Fraud Function will continue to work in partnership with other relevant organisations such as the DWP, CFCD, Trading Standards and South Wales Police.

## 2.4 Turning Strategy into Action

Local Authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against the following six themes. It is the Fraud function's intention to adhere to the themes:

- **Culture** – creating a culture in which beating fraud and corruption is part of daily business.
- **Capability** – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk.
- **Competence** – having the right skills and standards.
- **Communication** – raising awareness, deterring fraudsters, sharing information, celebrating successes.
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

## 3. Responsibilities

### Corporate Responsibilities

- 3.1 The Council is committed to the maintenance of a robust framework of procedures and policies, which if adhered to, will prevent fraud. The whistle blowing process and the Fraud Function web pages bolster these processes by being a deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.
- 3.2 The endorsement of this statement sends a clear message that fraud against the Council will not be tolerated and where reported it will be investigated and where identified it will be dealt with in a professional and timely manner using the strongest punishment available in accordance with the relevant guidance. In addition, restitution will always be sought for the loss incurred. Through the creation and enhancement of a strong anti-fraud culture, the Council aims to deter potential perpetrators from targeting its finances and services. Within the corporate framework, there are a number of facets that exist to protect the Council against fraud. These include:

- The Constitution, Financial Procedure Rules.
- An established Governance & Audit Committee.
- Codes of conduct for Members and Employees.
- Statutory responsibility for the oversight of all financial and legal affairs.
- An Anti-Fraud and Corruption Policy.
- Declaration of interest and gifts and hospitality procedures for Members and Officers.
- Effective employee vetting procedures – reference and DBS checks.
- Internal controls regularly reviewed and annually certificated by Heads of Service.
- Checks by Internal Audit in line with the Audit Plan.
- A confidential reporting code (Whistle-blowing procedure).
- A Complaints procedure available to the public.
- An External Audit.
- A Fraud Function.
- Participation in the National Fraud Initiative, the National Anti-Fraud Network, the Tenancy Fraud Forum, and the Chartered Institute of Public Finance and Accountancy Counter Fraud Centre.
- Internal and external webpages offering anti-fraud advice to employees and the public.
- Contract Procedure Rules.

### Member Responsibilities

- 3.3 Councillors & Co-opted Members lead by example at all times, maintaining the highest standards of probity, honesty, integrity and accountability in their dealings. This expectation is detailed in the Council's Constitution under the Members Code of Conduct
- 3.4 Councillors & Co-opted Members are required to declare any potential conflicts of interest that could be deemed to impact on the way they perform their roles. They are also required to register any gifts or hospitality offered or received over a given value (£25.00 as at July 2023).

### Manager Responsibilities

- 3.5 Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that these controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud, therefore, rests with managers who are required to assess the types of risks and scope for potential internal and external frauds associated with the operations in their area. Internal Audit undertakes independent assessments of the key risks and associated controls within systems across the Council.
- 3.6 Managers will ensure that staff receive appropriate training in 'Fraud Awareness'. The level and extent of this will depend on the work that individual employees carry out. When employees are an integral part of the control framework, it is crucial they are regularly reminded of fraud and risk issues.
- 3.7 Managers are required to report all instances of suspected, reported or detected fraud to the Chief Auditor who will offer advice on the best approach to each incident. This ensures that there is a consistent and co-ordinated professional approach to all investigations and that the associated procedures are fully compliant with legislation.

### Employee Responsibilities

- 3.8 Staff are a very important element in the Council's efforts to combat fraud and corruption. The employees Code of Conduct and Anti-Fraud and Corruption Policy explain the requirement for all staff to be vigilant and describes how they should raise any concerns they may have.

- 3.9 The Code and Policy mentioned in 3.8 require that employees report their suspicions or knowledge of any possible fraud or corruption to their Line Manager. Where an employee feels unable to use this route they are expected to report to the Head of Service or independently to the Monitoring Officer.
- 3.10 Through its Whistle-blowing Policy, the Council provides employees and councillors with the means to report instances of suspected fraud, corruption or breaches of the Council's policies. The policy offers employees and councillors protection from recrimination and allows them anonymity if they so choose.

#### Contractor Responsibilities

- 3.12 All Contractors appointed by the Council must act with complete honesty and integrity when engaging in works or delivering services for the Council, its service users and residents. All contractors must comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010. The Council requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud, bribery and/or corruption against the Council. Contractors or their employees may report all concerns to the Council's client-side staff who will in turn report the matter to the appropriate line manager or they may make a report using the Council's whistle blowing policy.

#### Internal Audit and Fraud Function Responsibilities

- 3.13 As part of the Council's system of internal control, the Internal Audit team are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agreed plan of audits to test the controls in place.
- 3.14 The Council provides an anti-Fraud Function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption.
- 3.15 The Chief Auditor is responsible for making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative and to undertake internal data matching across Council systems.
- 3.16 The Chief Auditor or his representative will advise Heads of Service of all instances of reported or detected fraud or corruption in their service area and where appropriate undertake any subsequent investigation.
- 3.17 The Chief Auditor or his representative is responsible for reporting to and liaising with the local police/Council's Legal Section on individual cases and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.

#### General Public – Responsibilities

- 3.18 The Council's expectation is that residents, service users and other members of the public will not tolerate abuse of the Council's assets or services. They are therefore encouraged to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Council.
- 3.19 The Fraud Function web pages should raise awareness of how to report fraud by providing a 'one stop shop' containing an overview of all types of fraud, including how to report fraud. This includes on-line report forms, telephone hot lines, an investigation mailbox, and an address for postal reports. Reports can be made anonymously. In any case, all reports/contact details will be treated with sensitivity, professionalism and in confidence.



#### **4. Reporting Fraud**

4.1 A summary of the telephone numbers/email addresses to report concerns relating to fraud, corruption, bribery or other financial irregularities follow.

#### **4.2 *Blue Badge fraud***

- Online at [www.swansea.gov.uk/bluebadgefraud](http://www.swansea.gov.uk/bluebadgefraud)
- By telephoning 01792 637366.
- By e-mail to [fraud@swansea.gov.uk](mailto:fraud@swansea.gov.uk)

#### **4.3 *Council Tax Reduction fraud***

- Online at [www.swansea.gov.uk/reportctrfraud](http://www.swansea.gov.uk/reportctrfraud)
- By telephoning 01792 635359
- By e-mail to [fraud@swansea.gov.uk](mailto:fraud@swansea.gov.uk)

#### **4.4 *Other frauds that affect the Council.***

- Online at:
- Staffnet: [www.swansea.gov.uk/Staffnet/fraud](http://www.swansea.gov.uk/Staffnet/fraud)
- Public website: [www.swansea.gov.uk/fraud](http://www.swansea.gov.uk/fraud)
- By telephoning 01792 635359
- By e-mail to [fraud@swansea.gov.uk](mailto:fraud@swansea.gov.uk)

#### **4.5 *In all instances the frauds mentioned above can also be reported in writing to:***

Fraud Function  
Internal Audit Section  
Financial Services and Service Centre  
Guildhall  
Swansea  
SA1 4PE

#### **4.6 *Housing Benefit fraud – dealt with by the Department for Work and Pensions***

- Online at [www.gov.uk/report-benefit-fraud](http://www.gov.uk/report-benefit-fraud)
- By telephoning 0800 854440
- In writing to NBFH, PO Box 224, Preston, PR1 1GP

#### **4.7 *Fraud that does not affect Swansea Council can be reported to Action Fraud***

- Online at [www.actionfraud.police.uk/report-a-fraud-including-online-crime](http://www.actionfraud.police.uk/report-a-fraud-including-online-crime)
- By telephoning 0300 123 2040.

#### **5. Recording fraud reports/investigations**

5.1 The Fraud Function records all details of every fraud report/investigation.

5.2 These records are held securely but can be readily retrieved in appropriate circumstances for review and reporting purposes.

#### **6. Reporting fraud outcomes**

6.1 The Fraud Function records information that enables the following to be reported on as necessary:

- The number of fraud referrals received.
- The number of fraud referrals by type.
- The number of fraud referrals accepted for investigation.
- The number of referrals not accepted for investigation.
- Outcomes.

6.2 Outcomes include the following:

- Overpayments / additional liability raised / recovered,
- Council Housing brought back into stock,
- CTRS Administrative Penalties,
- Prosecutions,
- Other monies recovered, e.g., via Proceeds of Crime Act 2002 or Profit Orders awarded under The Prevention of Social Housing Fraud Act 2013,
- Disciplinary action - warnings or dismissals.

6.3 In addition to measurable outcomes, there are other valuable benefits, which are not readily measurably. Namely:

- The deterrent value of having a Fraud Function:
  - Offering a confidential way to report concerns,
  - Taking action in respect of the concerns,
  - Seeking appropriate sanctions,
  - Publicising activities / successes.
- The strengthening of procedures:
  - Some internal investigations may not yield quantifiable actual savings.
  - However, they may result in changes in policies and procedures, which ultimately reduce the potential for future loss by fraud or error by enhancing the robustness of those policies and procedures.

## Appendix 3 - Anti-Fraud Plan 2023/2024

### 1. Introduction

- 1.1 This document sets out the Fraud Function's Anti-Fraud Plan 2023/24, which covers the principles set out in the '*CIPFA Code of Practice on managing the risk of fraud and corruption*'.
- 1.2 We know that fraud will be attempted against the Council during the coming year and as a result, we will maintain a team dedicated to investigating allegations of fraud, seeking to punish those who have committed fraudulent acts against the Council, identifying losses to be recovered and, where appropriate, taking appropriate recovery action
- 1.3 Estimates published in the CIPFA Fraud and Corruption Tracker Results suggest that fraud is committed in all organisations to varying degrees. Some areas that are considered to be more at risk than others are:
  - Council Tax Discounts,
  - Council Tax Reduction,
  - Housing Tenancy,
  - Payments for Social Care,
  - Procurement
- 1.4 Fraud Function resources will be directed as necessary throughout the year in response to the level of risk and investigation work required.
- 1.5 As aforementioned the emerging fraud risks from Covid 19 have diminished and resources required in this area should be reduced.
- 1.6 The Fraud Function support will continue to be responsive as needs are identified and collaboration with a number of partners may be required e.g. Others Local Authorities, Trading Standards and Welsh Government.
- 1.7 Prevention strategies will continue to be identified and implemented as and when required and post event assurance will be undertaken in accordance with the Welsh and UK Governments requirements.

## 2. Content of the Plan

Activity	Detail	Target Outcomes
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>Monitor latest developments in the illegal subletting of council stock as short term serviced accommodation and undertake a proactive exercise in the second quarter concentrating on council stock in at risk areas.</p> <p>Recover properties where tenancy fraud has been identified.</p> <p>Undertake criminal prosecutions &amp; 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>

Activity	Detail	Target Outcomes
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 discount, other disregards and discounts 'incorrectly' claimed.</p> <p>Review Revenue Service Datatank exercise matches where the match has been positively challenged by the ratepayer.</p> <p>Identify cases of council tax evasion through nonregistration of liability and banding.</p> <p>Identify cases that should attract a premium charge.</p>
Tackle Council Tax Reduction fraud	Continue to work with DWP's Counter Fraud and Compliance & Debt Service in countering CTRS fraud.	<p>Sharing information and expertise between the Fraud Function &amp; DWP's CFCD.</p> <ul style="list-style-type: none"> <li>• To ensure that the totality of welfare benefit and CTRS frauds tackled in the most efficient and effective manner.</li> <li>• To identify overpayments and excess reductions.</li> <li>• To take sanction action in appropriate cases. Administrative Penalties and prosecutions.</li> </ul> <p>Collaborate with Benefits section on cases identified on Datatank smart referrals where there is a council tax reduction interest and provide support and investigate further where needed.</p>

Activity	Detail	Target Outcomes
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>Internal Employee Matters</p> <ul style="list-style-type: none"> <li>• Abuse of Position</li> <li>• Travel and subsistence</li> <li>• Flexi time/timekeeping</li> <li>• Other matters of misconduct/gross misconduct</li> </ul>	<p>Continue to assist Human Resources &amp; 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 undertake risk assessments and gather intelligence and evidence to point towards or away from fraud and error.</p>	<p>Support disciplinary process</p> <p>Consider as appropriate criminal/civil proceedings.</p> <p>To take appropriate action against offenders</p> <p>Maintain the Council's good reputation.</p>

Activity	Detail	Target Outcomes
<p>Tackle other internal and external fraud, examples include:</p> <ul style="list-style-type: none"> <li>• Procurement fraud</li> <li>• Social Care (Direct Payments)</li> <li>• Blue badge</li> <li>• Income collection and banking</li> <li>• Grants</li> <li>• Payroll</li> <li>• Pensions</li> <li>• Etc.</li> </ul>	<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>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 all employees.</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> <li>• New – Carried forward from plan 2021/22. A guide to Corporate Fraud is included in Corporate Induction Training provided by Human Resources.</li> <li>• Existing – Continue to develop and deliver bespoke training and support that is responsive to changes in threat. HROD are due to roll out online training to relevant officers imminently.</li> </ul> <p><u>Members:</u></p> <ul style="list-style-type: none"> <li>• Deliver presentations/reports/training to the Governance and Audit Committee and other members that develops knowledge and understanding that will develop effective scrutiny.</li> </ul> <p><u>Public:</u></p> <p>Continue to publicise activities, successes, and prosecutions.</p>

<b>Activity</b>	<b>Detail</b>	<b>Target Outcomes</b>
Policy, Procedure and Resource Implementation.	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.