

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

10 SEPTEMBER 2020

JOINT REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE & HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

ANNUAL CORPORATE FRAUD REPORT 2019-20

1. Purpose of report

- 1.1 The purpose of this report is to inform members of the Audit Committee of the actions undertaken in respect of counter fraud during 2019/20 including an update on the National Fraud Initiative (NFI) Exercise.

2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective priority under the **Well-being of Future Generations (Wales) Act 2015:-**

- **Smarter use of resources** – ensure that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's well-being objectives.

3. Background

- 3.1 One of the Core functions of an effective Audit Committee is:

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.

- 3.2 Therefore, this report updates the Committee on the arrangements in place for managing the risks of fraud with the aim of prevention, detection and subsequent investigation and reporting of fraud.

- 3.3 The impact of fraud should never be underestimated. Fraud leaves the Council with less to spend on services for residents and costs taxpayers money. Fraud against a local council is not a victimless crime. There is not only the lost/stolen money to consider but also the loss of working time investigating and correcting issues, liaising with police and lawyers, any subsequent court costs, increased insurance premiums, reputational damage for individuals or the Council as a whole and poor staff morale.

- 3.4 The Council sets high standards for both Members and Officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. It has in place policies, procedures and reporting mechanisms to prevent, detect and report on fraud, bribery

and corruption. These include the Fraud Strategy and Framework, a Whistleblowing Policy, ICT Code of Conduct and the Anti-Fraud and Bribery Policy.

- 3.5 The Fraud Strategy and Framework 2018/19 to 2020/21 continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption, whether it be attempted externally or from within.

4. Current situation/proposal

- 4.1 The Annual Corporate Fraud Report is at **Appendix A** which summarises the counter fraud work undertaken within the Authority during 2019/20.

- 4.2 The Council's Fraud Strategy and Framework includes reactive and proactive work with the proactive work included in an action plan which sets out the developments the Council is undertaking to improve its resilience to fraud and corruption. The report at Appendix A outlines the progress made against the action plan, for example the Fraud Prevention e-learning module has been developed and rolled out to staff, fraud information is being updated and being made available to staff on the intranet and a more detailed fraud risk assessment process is being developed that will link to the corporate risk management process. The Action Plan and the progress made is at **Annex 1** of the appendix.

- 4.3 One activity included on the Action Plan is the National Fraud Initiative (NFI). This is a biennial exercise coordinated in Wales by Audit Wales whereby data is extracted from the Council's systems and reports. These are matched against data submitted from other bodies such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations etc. It is important to note that where a match is found, it is not in itself evidence of a fraud, it may be an error or an inconsistency that requires further investigation.

- 4.4 Appendix A provides details of the last data matching exercise which was based on data extracted in September 2018. A total of 484 frauds or errors have been identified equating to £41,700 of recoverable funds which are mostly council tax or housing benefit related. More detailed results are included at **Annex 2** of **Appendix A**. The next data matching exercise will commence in 2020/21, data is to be extracted in October 2020 and the new matches will be returned in January 2021.

- 4.5 The Annual Report at Appendix A also provides detail of the internal counter fraud work undertaken by Internal Audit and the Council's Fraud Investigator including internal investigations and council tax reduction investigations.

- 4.6 Joint working was also undertaken during 2019/20 with Bridgend CBC working with the Single Fraud Investigation Service (SFIS) on any appropriate benefit investigations and working in partnership with Portsmouth City Council to undertake blue badge enforcement action. Local networking is also in place which has enabled intelligence to be shared particularly in respect of new scams since the outbreak of COVID-19.

- 4.7 Finally, during 2019/20, the Authority took part in a national study which was to review the effectiveness of counter fraud arrangements in the Welsh public sector. The resulting report was published in July 2020 and any recommendations will be fully considered to ensure that the work being undertaken in relation to counter fraud continually improves.

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 There are no financial implications as a result of the recommendations set out in the report.

9. Recommendation

9.1 It is recommended that the Committee note the report, the measures in place and the work being undertaken to prevent and detect fraud and error.

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August 2020

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Background Documents
None