

BRIDGEND COUNTY BOROUGH COUNCIL
REPORT TO GOVERNANCE AND AUDIT COMMITTEE

22 JULY 2021

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

ANNUAL CORPORATE FRAUD REPORT 2020-21

1. Purpose of report

1.1 The purpose of this report is to present members of the Governance and Audit Committee with the Annual Corporate Fraud Report 2020-21 which summarises the actions undertaken in respect of counter fraud and provides 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 under the **Well-being of Future Generations (Wales) Act 2015:-**

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

3. Background

3.1 One of the core functions of an effective Governance and 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, Anti-Fraud and Bribery Policy, Anti-Tax Evasion Policy and Anti Money Laundering Policy.

- 3.5 The Fraud Strategy and Framework underpins 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 2020-21.

- 4.2 The Council's Fraud Strategy and Framework 2018-19 to 2020-21 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, a fraud risk register has been developed and was presented to the Governance and Audit Committee in April 2021. The Fraud Prevention E-learning module has been completely rolled out across the council, and is mandatory for all new and existing staff and members to complete. 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, Department for Work and Pensions (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 fraud, it may be an error or an inconsistency that requires further investigation.

- 4.4 **Appendix A** provides details of the most recently completed biennial data matching exercise which was based on data extracted in September 2018. A total of 431 frauds or errors were identified equating to £30,276.73 of recoverable funds. This sum was mostly attributable to council tax reduction or housing benefit matches. The exercise also resulted in the cancellation of 396 blue badges, where the holder was deceased, generating an estimated cabinet office saving of £227,700. More detailed results are included at **Annex 2** of **Appendix A**. The next biennial data matching exercise commenced in 2020 with data extracted in October 2020 and the new matches returned in January 2021. Work on these matches is currently ongoing.

- 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, council tax reduction investigations and blue badge investigations.

- 4.6 Joint working was also undertaken during 2020-21 with Bridgend Ccounty Borough Council (BCBC) working with the Single Fraud Investigation Service (SFIS) on any appropriate benefit investigations. 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 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. The recommendations from this report, made by Audit Wales, have been used to form the new Fraud Strategy and Framework for 2021-22 – 2024-25. This will 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 Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of 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 The financial implications are reflected within this report as any fraud impacts on the resources available to the Council.

9. Recommendation

9.1 It is recommended that the Committee note the Annual Corporate Fraud Report 2020-21, the measures in place, the work being undertaken to prevent and detect fraud and error and the update on the National Fraud Initiative (NFI).

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Background Documents

The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (Wales)
Regulations 2013

<http://www.legislation.gov.uk/wsi/2013/588/contents/made>