

<b>Meeting of:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>Date of Meeting:</b>	<b>26 JULY 2023</b>
<b>Report Title:</b>	<b>ANNUAL CORPORATE FRAUD REPORT 2022-23</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER FINANCE, PERFORMANCE AND CHANGE AND HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE</b>
<b>Responsible Officer:</b>	<b>SIMON ROBERTS – SENIOR FRAUD INVESTIGATOR AND JOAN DAVIES – DEPUTY HEAD OF REGIONAL INTERNAL AUDIT AND AUDIT MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the policy framework and procedure rules.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• <b>The Annual Corporate Fraud Report summarises the work undertaken in respect of counter fraud by the Fraud Department and Internal Audit.</b></li> <li>• <b>It provides an update to the Governance and Audit Committee on the arrangements in place to manage the risk of fraud.</b></li> <li>• <b>The ongoing measures the council has in place to reduce fraud are shown in this report.</b></li> <li>• <b>The report provides an update on The National Fraud Initiative.</b></li> <li>• <b>The report provides details of the monetary value of any fraud or error identified throughout 2022-23.</b></li> </ul>

## **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 2022-23 which summarises the actions undertaken in respect of counter fraud and provides an update on the National Fraud Initiative (NFI) exercise.

## **2. Background**

- 2.1 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.

- 2.2 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.
- 2.3 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.
- 2.4 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. A Fraud Risk Register is also in place.
- 2.5 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.

### **3. Current situation / proposal**

- 3.1 The Annual Corporate Fraud Report is at **Appendix A** which summarises the counter fraud work undertaken within the Authority during 2022-23.
- 3.2 The Council's Fraud Strategy and Framework includes reactive and proactive work and sets out the measures the Council proposes to take over the medium-term to further improve its resilience to fraud, bribery, and corruption. The report at **Appendix A** outlines the progress made against these measures. For example, a fraud risk register has been developed and a Fraud Prevention E-Learning module is now available for relevant staff and Members to complete. Fraud awareness training sessions have also been delivered and are available to both staff and Members as and when required. The ongoing measures to reduce fraud are shown at **Annex 1** of **Appendix A**.
- 3.3 One activity included within these ongoing measures is the National Fraud Initiative (NFI). This is a biennial exercise co-ordinated 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.
- 3.4. **Appendix A** provides details of the most recent biennial data matching exercise which was based on data extracted in October 2022 with the matches released in January 2023. This exercise is still in the early stages of completion but, so far, a

total of 4 frauds or errors have been identified equating to £3,742.08 of recoverable funds. This sum is currently only attributable to council tax reduction or housing benefit matches. More detailed results are included at **Annex 2 of Appendix A**. The next biennial data matching exercise will be due to commence towards the end of 2024 with data extracted in October 2024 and the new matches returned in the early part of 2025. **Appendix A** also provides details of the most recent, annual Single Person Discount data matching exercise, which was based on data extracted at the end of 2021 for review in 2022. A total of 171 frauds or errors were identified equating to £69,359.66 of recoverable funds. More detailed results relating to this exercise are included at **Annex 4 of Appendix A**.

- 3.5 The Annual Report at **Appendix A** also provides detail of the internal counter fraud work undertaken by Internal Audit and the Council's Senior Fraud Investigator, including internal investigations, council tax reduction investigations and blue badge investigations.
- 3.6 Joint working was also undertaken during 2022-23 with Bridgend County 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 that have materialised during the cost-of-living crisis.
- 3.7 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. This will ensure that the work being undertaken in relation to counter fraud continually improves.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 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.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 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.

#### **6. Climate Change Implications**

- 6.1 There are no climate change implications arising from this report.

#### **7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding or corporate parent implications arising from 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. Recommendations**

9.1 It is recommended that the Committee note the Annual Corporate Fraud Report 2022-23, the measures in place, the work being undertaken to prevent and detect fraud and error and the update on the National Fraud Initiative (NFI).

## **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>