

CYNGOR SIR POWYS COUNTY COUNCIL.

GOVERNANCE AND AUDIT COMMITTEE

9th February 2023

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REPORT TITLE: Corporate Fraud and Error Quarter 4 2022 Report

REPORT FOR: Information & Discussion

1. Purpose

- 1.1 To provide a quarterly update to the Governance and Audit Committee on current work activities and performance.
- 1.2 To advise Governance and Audit Committee from the Fraud teams work, any systems or process weaknesses of significance.
- 1.3 Seek Governance and Audit Committee's input on the Fraud Team's future work plans.
- 1.4 To provide a response to the recommendations raised in audit work by Audit Wales and SWAP and to advise the Governance and Audit Committee on the progress made against the actions identified.

2. Fraud and Money Laundering Policies

- 2.1 The policies set out below were approved in July 2020 and can be found in the HR policies areas of the corporate handbook.
 - Anti-Fraud Policy
 - Anti-Money Laundering Policy
 - Fraud, Sanctions and Prosecutions Policy
- 2.2 Further promotion and awareness raising that will happen this year.
 - In this quarter we plan to roll out the mandatory fraud awareness training package for the Council.

3. Quarter 4 2022/3 Activity Report

- 3.1 The Fraud and Intel team undertake a series of proactive review exercises that seek to verify eligibility to reliefs, discounts exemptions and awards across the Council in key areas, then correct any that are error and identify any that warrant fraud investigation.

3.2 The team are currently working on 4 joint working cases with the Dept of Work and Pensions Fraud team around capital and living together situations.

There are no outcomes as yet on any of the cases to report.

3.3 The Fraud team have 149 investigations in 2022/23 so far.

At the end of Q3, the accumulative figures and outcomes are:

Current Status	Number	Areas Investigated	Number
Current cases ongoing	32	Employee cases Council Tax Council Tax Exemptions Council Tax Discounts Council Tax Premiums Business Rates Council Tax Reduction Scheme Housing Benefit Social Care	5 3 2 2 4 3 13 4 1
No Further Action (for example circumstances were already corrected or not as reported)	43	Council Tax Reduction Scheme Housing Benefit Council Tax Premiums Tenancy Council Tax Council Tax Discounts Business Rates Social Care Housing Tenancy	19 6 6 3 4 9 2 1 2
Insufficient or no evidence	26	Blue Badge Council Tax Council Tax Exemptions Council Tax Reduction Scheme Housing Benefit Council Tax Discounts Social Care Housing Tenancy Employee Council Tax Premiums	2 1 1 7 1 9 1 2 1 2
Cases Closed but with Recommendations	11	Council Tax Council Tax Discounts Discretionary Housing Payment Employee Council Tax Premiums	1 2 1 5 2
Case Closed with an application closed, stop or withdrawn	1	Council Tax Reduction	1
		Business Rates Covid Grants	1 1

Closed with no overpayment	5	Council Tax Premium Council Tax Reduction Scheme	1 2
Fraud Proven	31	Council Tax Reduction Scheme Council Tax Discount Council Tax Council Tax Premiums Housing Benefit Business Rates Council Tax Exemptions	5 10 3 12 1 3 2

3.4 As advised in the last quarter we are now seeking Committee's views on any particular areas of focus for the team's work next year that it feels may be relevant. This can then help inform our work plans for 2023/24.

4. **Gains and Outcomes to where we are in Q4 to date (accumulative 2022/23 figures) are:**

Current Status	Number	Value
Prosecutions Administration Penalties Civil Penalties Other Sanctions: -	14	£700
Overpayments Gains: - This is the value of recoverable overpayments for Powys Council from the work of the team around fraud and error		£370,749
Income Gains: - This is the value of potential income saved or potential revenue gained by Powys Council over the course of 52 weeks from the work of the team around fraud and error		£1,265,492

5. System and Process Recommendations

5.1 No serious fraud risk management recommendations were made in Q4 following conclusion of the Fraud and Intel team's investigation and error work that the Committee need to be made aware of.

6. Response to the recommendations raised in audit work by Audit Wales and SWAP and the progress made against the actions identified

6.1 The table below sets out the current actions to address the shortfalls and the timetable to achieve them.

Action	Date	Completed	Notes	Issue
Net Consent sign off of all the policies for staff and Councillors			2180 staff/councillors have accepted. None refused. 650 left to sign.	1/3
All policies will now form part Powys HR policies			All policies now accessible as part of HR policy group for staff/councillors to access	1/3
Work with service areas will be undertaken to have staff who don't sign in via Net Consent to understand the policies and agree to them	Q2 22		Work has begun on identifying and matching the 650 users who have not agreed.	1/3
Promote amongst staff and Councillors, fraud awareness via structured communications campaign			Series of internal articles External media release about the amount of fraud detected or prevented Promotion of Fraud Awareness Week Follow up media releases at the end of each financial year to promote the amount of fraud detected or prevented Animation in English and Welsh, promoting the fraud service and how to report fraud Issuing of fraud alerts on social media when there is an issue of concern affecting Powys residents	1/3
Encourage take up of fraud e-learning module across staff and Councillors	Q3 22		Work is being done to improve module. Licence procured and contract signed. Work will be done early in Q4 to get it ready to relaunch asap in Q4.	6/8
Reintroduce reporting cycle with Governance and Audit Committee which stated purposes				2/12
Offer specific Fraud Training to service teams and Councillors as required	Q4 23		Date moved as appropriate to offer at end of process of roll out and after risk assessment process	6/8

			and workshops complete	
Develop regular review meetings with key service teams and stakeholders including Internal Audit	Q4 22		First meeting booked in	1/2/5
Create a fraud risk section in the IBP for service teams to consider fraud risks and mitigations			this work started early and has a simple review question in the risk section but will be developed again next year	1/4/5/7/9/11
Present to SLT around fraud awareness and the anti-fraud Policies roll out				1
Develop an intranet to notify all of fraud risk alerts from central agencies				1
Internal Audit to undertake fraud risk assessment for Powys	Q4 21		The work has not been completed in 4 areas of the Council but work on them is now being done	4/5/7/9/11
From the Internal Audit fraud risk assessment, this may highlight further fraud risk assessment and mitigation work to be done at a service area level	Q2 22		Risk assessment analysed and work programme with service areas being devised	4/5/7/9/11
Align fraud resource to any issues identified in the Powys fraud risk assessment or the service area fraud risk assessment	Q2 22		Being considered as work plan devised	4/5/7/9
Following the fraud risk assessments, develop risk registers and consider if a fraud risk plan for services and strategy needed.	Q4 22 To Q3 23		Corporate fraud risk going through approval process. As the risk assessment doesn't show specific issues not able to develop service risks without individual service discussion. So, work will start in Q4 of 2023 and through to Q3 of 2023 to meet with service teams, identify fraud risk issues and agree risks and work to mitigate.	

			Timings for this work element moved to accommodate new approach	
Introduce new Investigations Panel to ensure: - Appropriate route of new investigations Support of cases during investigation Discharge of prosecution or sanction at the end of the investigation Build Intel for risk for S151				2
Build in key competency for Powys managers training for Financial Services around fraud awareness and ability to review systems and procedures and new service modules	Q4 23		Moved date as applicable to do this one all other aspects known and up and running	1/5/6/8
Where appropriate publish in the media, cases investigated that have been thorough a fraud prosecution process				1
Review the internal and external website to ensure its clear how to report fraud to the Council	Q4 22		Issue with not being able to add fraud icon to intranet to link to form on website.	1
Procure and use Fraud Hub software to create better opportunities for data matching and managing fraud risks	Q2 22 & Q3 22		Implemented and now running new and regular data sets for PCC. Will then roll out new areas not currently included when NFI add	5/7/9
Once other fraud risk assessment actions above are complete, incorporate fraud and corruption risks into corporate risk management and intelligence report for S151 Officer review	Q4 22		Work being done this Quarter to complete report	4/5/7/9/11
Review Portfolio Holder Member that should be responsible for counter-fraud.			The PFH for Finance is to be the member responsible for counter fraud	1

Review Whistleblowing Policy and ensure it has the correct contact details and is then made available to key stakeholders as appropriate	Q2 22			10
Update staff and Member codes of conduct to include direct anti-fraud references	Q2 22		Now with HR on employee side to update. Cllr one is being developed with Clive Pinney	10
Implement a process for vetting candidates in respect of fraud and financial fraud risk	Q3 22		Meeting held and await update of plan.	10
Report to Members on declarations of interest and gifts and hospitality	Q4 22		DOI Policy has been approved but not live yet and HR working on implementation which includes reporting.	10
Ensure relevant strategies and policies are subject to required ongoing scrutiny and review	Q4 2022		All policies have review dates	1/3/4/7/ 9/11

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Appendix 1 - Wales Audit Office Report and Internal Audit Report Issues

Powys Issues to resolve	Audit Wales Report Issue
Senior management indicated that that the Council demonstrates a commitment to counter-fraud and has a zero-tolerance to fraud but there was little evidence to confirm that this message is actively promoted across the Council on an on-going basis	1
The approach to counter fraud work and activity was uncoordinated and there was a lack of clarity in terms of the roles and responsibilities of staff involved in Counter Fraud work (e.g., Internal Audit & Income & Awards)	2
At the time of undertaking the work, key policies to support effective counter fraud arrangements were either out of date or could not be located. A number of these have since been updated (e.g. Anti-Fraud Policy, Anti Money Laundering Policy and Fraud Prosecutions and Sanctions Policy)	3
The Council did not have an appropriate fraud response plan in place	4
The Integrated Business Plans completed by services / directorates did not consistently consider any risk assessment on the potential for fraud to impact on the delivery of the service or cost of providing the service	5
The extent of any counter-fraud training undertaken across the Council has been very limited	6
	Internal Audit Report Issue
There is no agreed Anti-Fraud Strategy or Fraud Response Plan.	7
There has been no recent training delivered in relation to anti-fraud and corruption. Fraud training is not mandatory and there is little evidence that anti-fraud awareness is promoted across the Council.	8
The Council has not yet completed a formal assessment in relation to fraud and corruption risks.	9
The Whistleblowing Policy contact details are out of date. The Officer and Member Code of Conduct documents do not specifically include reference to fraud.	10
Fraud risk is not specifically reviewed by Senior Management and Members.	11
The programme of counter-fraud work was not provided and there is no evidence that this is agreed, and progress is monitored by Audit Committee.	12

