

CYNGOR SIR POWYS COUNTY COUNCIL.

GOVERNANCE AND AUDIT COMMITTEE

29th September 2023

REPORT AUTHOR: Jane Thomas Head of Financial Services

REPORT TITLE: Corporate Fraud and Error Quarter 2 2023 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 raise any significant concerns around opportunities for fraud revealed during the course of fraud and error work.
- 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. *The Anti-Fraud Policy has been reviewed and is on way to GAC and the others are being reviewed.

- 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, the roll out of the mandatory fraud awareness training package will be implemented and rolled out across the Council. All officers and councillors will be required to undertake the training every 2 years.

3. Quarter 2 2023 Activity Report

- 3.1 The Fraud and Intel team continue to undertake a series of proactive review exercises that seek to verify eligibility to reliefs, discounts, disregards and exemptions and awards across the Council in key areas, then correct any that are error and identify any that may warrant fraud investigation.
- 3.2 The team are currently working on 3 joint working cases with the Dept of Work and Pensions Fraud team around living together, capital, and undeclared income situations. There are no outcomes as yet on any of these cases to report. An invitation for joint working on a new case has recently been sent across a response is awaited.
- 3.3 The Fraud team have had 92 investigations in 2023/24 so far. (Some of these cases may be ongoing from 2022/2023)

At the end of Q2, the accumulative figures and outcomes are:

Current Status	Number	Areas Investigated (Can be more than the number of cases)	Number	Value (Overpayment, Rebill and/or Gains)
Current (fraud) cases ongoing	46	Employee cases	11	*In progress
		Council Tax	2	
		Council Tax Exemptions	2	
		Council Tax Discounts	7	
		Council Tax Premiums	6	
		Business Rates	3	
		Council Tax Reduction Scheme	13	
		Housing Benefit	2	
		Social Care	2	
		Tenancy	4	
		Employment & Support Allowance	1	
		Personal Independence Payment	3	
		Universal Credit	9	
		Discretionary Housing Payment	1	
		Carers Allowance	1	
		No Further Action (for example circumstances were already corrected or not as reported)	4	
Council Tax Discounts	1			
Housing Benefit	1			
Council Tax	1			

Insufficient or no evidence	8	Council Tax Reduction Scheme Council Tax Discounts Tenancy	2 5 1	N/A
Cases Closed but with Recommendations	4	Council Tax Premiums Tenancy Council Tax Reduction scheme	2 1 1	N/A
Case Closed with an application closed, stopped or withdrawn	0		0	
Closed with no overpayment	0		0	
Fraud Detected	3	Council Tax Premiums Council Tax Exemptions Social Care Payments		£4,935 R +£2,904 G £632 R £132,277 R

3.4 The Team welcomes the Committee's views on any areas of focus for the fraud and error work this year, that it feels may be relevant. This can then help inform our work plans for the rest of 2023/24.

4. **Gains and Outcomes of fraud and error work to where we are in Q1 to date (accumulative 2023/2024 figures) are:**

Current Status	Number	Value
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Prosecutions Administration Penalties Civil Penalties Other Sanctions: -	1	£50
Overpayments/Rebills: - This is the value of recoverable overpayments and re-bills for Powys Council from the work of the team around fraud and error		£255,739
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.		£541,923

5. System and Process Recommendations

- 5.1 No serious fraud risk management recommendations were made in Q2 following conclusion of the Fraud 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 (*Continued from 2022/2023)

- 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
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 23		Work continuing by BI team on identifying and matching the 650 users who have not signed, then need to work with services to get actuals to complete . ICT also involved and believe numbers may be much less than 650, update awaited.	1/3
Encourage take up of fraud e-learning module across staff and Councillors	Q2 23		Fraud Policies were re-circulated to Councillors post Q1 G&A meeting as requested, E-Learning Module release imminent	6/8

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 of fraud awareness module, also after risk assessment process and any necessary workshops complete	6/8
SWAP to undertake further fraud risk assessment for Powys	Q1-Q4 2023		SWAP have a plan of work and Fraud Team assisting/supporting	4/5/7/9/11
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		<p>Corporate fraud risk going through approval process.</p> <p>As the risk assessment doesn't show specific issues not able to develop service risks without individual service discussion.</p> <p>SWAP and CAFT working together to revisit the previously completed SWAP Baseline fraud risk assessment for a deeper dive and SWAP carrying out testing.</p> <p>Timings for this work element moved to accommodate new approach</p>	
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 once all other aspects known and up and running	1/5/6/8
External website 'report fraud' and fraud Hotline (+ leave message facility) all working fine and steady referrals received.	Q4 22		Issue with not being able to add fraud icon to intranet to link to form on website. **Reduction in internal referrals now increased an risk due to the above.	1
Fraud intelligence report for S151 Officer	Q3		Report will be completed and	4/5/7/9/11

			available to S151 Officer to review	
Update staff and Member codes of conduct to include direct anti-fraud references	Q2 22		<p>HR advised that Wyn Richards is responsible for updating the Section 20 Code of Conduct and fraud references to be included. Confirmation awaited.</p> <p>Clive Pinney's advice re Councillors was that a change to the Member Code of Conduct is more difficult as this Code of Conduct is a national one issued by the Public service Ombudsman for Wales</p> <p>Clive suggests that this can be dealt with by an email to all Members.</p> <p>GAC not content with this as per Q1 meeting, the following advice has been sought from the Ombudsman Wales and the response as follows: The Model Code is in legislation it's not possible to add to it. There has been a recent consultation on it and in essence it was determined that it is pretty much doing what it needs to do. When Council's agree the Code of Conduct there is an opportunity to add to it but most don't and it is unlikely the Ombudsman would investigate anything that wasn't set out in the model code.</p>	10
Implement a process for vetting candidates in respect of fraud and financial fraud risk	Q3 22		<p>Meeting held and await update of plan from Graham Evans</p> <p><i>*Email chase ups sent for update</i></p>	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

			*Ongoing with HR	
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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