

CYNGOR SIR POWYS COUNTY COUNCIL.

GOVERNANCE AND AUDIT COMMITTEE

REPORT AUTHOR: Jane Thomas Head of Financial Services

REPORT TITLE: Corporate Fraud and Error Quarter 2 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 The policies have been considered and approved by the Senior Leadership Team and have been communicated across the Organisation. Further promotion and awareness raising is planned over the next year.
- 2.3 Fraud awareness training has now been made mandatory for the Council and the training package is now being reviewed to be rolled out across the Council.

3. Quarter 2 2021 Activity Report

- 3.1 The fraud and error 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 and

identify any that warrant fraud investigation. The following table shows what has been considered in Quarter 2 and for the rest of 2021/22.

Area	Quarter	Review Volumes Low – (up to 250) Medium (Up to 1000) High (Up to 5000) Very High (over 5000)
Probate review for Council Tax Exemptions for Council Tax	1 (onwards)	Medium Medium
Council Tax Single Person Discount	2(onwards)	Very High
Sundry Debtors Probate Empty Council Tax Exemptions	3	Low
Business Rates Reliefs CTRS occupancy/Eligibility	4	High High

3.2 We are currently working on 9 joint working cases with the Dept of Work and Pensions Fraud team. All are on hold at the moment as they are not undertaking investigations in these areas.

3.3 The Fraud team have 82 investigations in 2021 so far.

At the end of Q2, the accumulative 2021/22 figures are:

Current Status	Number	Areas Investigated	Number
Current cases ongoing	31	Employee cases	3
		Council Tax	1
		Council Tax Exemptions	3
		Council Tax Discounts	4
		Council Tax Premiums	4
		Business Rates	2
		Small Business Rates Relief	1
		Council Tax Reduction Scheme	15
		Housing Benefit	2
No Further Action	21	Council Tax Reduction Scheme	10
		Blue Badge	2
		Covid Grant	1
		Council Tax	2
		Council Tax Exemptions	1
		Council Tax Discount	7
		Council Tax Premiums	1
		Tenancy	1
Insufficient or no evidence	8	Council Tax Reduction Scheme	4
		Blue Badge	1
		Council Tax Discount	3
		Housing Benefit	1
		Council Tax Premiums	1

Cases Closed but with Recommendations	6	Blue Badge Council Tax Discount Council Tax Premiums Social Care Employee	1 2 1 1 1
Closed with no overpayment	1	Council Tax Premiums	1
Fraud Proven	15	Covid Grant Council Tax Council Tax Exemption Council Tax Reduction Scheme Council Tax Discount Council Tax Premiums Housing Benefit Business Rates Sublet	2 4 1 1 2 4 1 1

4. **Gains and Outcomes to the end of Q2 (accumulative 2021/22 figures) are:**

Current Status	Number	Value
Prosecutions Administration Penalties Civil Penalties Other Sanctions: -	0	£
Overpayments Gains:- This is the value of recoverable overpayments for Powys Council from the work of the team		£320,567
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		£645,722

5. **System and Process Recommendations**

The following recommendations were made in Q2 following conclusion to the Fraud team's investigation and error work.

- 5.1 Recommendation on an employee case was to review in the service area, why the investigation request was raised in the first place.
- 5.2 Recommendation to the service area to take account of a property following the investigation found into the customer's social care financial assessment.

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	Q1		2180 staff/councillors have accepted. None refused. 650 left to sign.	1/3
All policies will now form part Powys HR policies	Q2			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	Q4			1/3
Promote amongst staff and Councillors, fraud awareness via structured communications campaign	Q1 Q3 Q4		Currently comms plan being worked on	1/3
Encourage take up of fraud e-learning module across staff and Councillors	Q3 Q4		Work is being done to improve module now it is mandatory and relaunch in Q4	6/8
Reintroduce reporting cycle with Governance and Audit Committee which stated purposes	Q1			2/12
Offer specific Fraud Training to service teams and Councillors	Q4			6/8
Develop regular review meetings with key service teams and stakeholders including Internal Audit	Q4			1/2/5
Create a fraud risk section in the IBP for service teams to consider fraud risks and mitigations	Q4		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	Q1			1

Develop an intranet to notify all of fraud risk alerts from central agencies	Q4			1
Internal Audit to undertake fraud risk assessment for Powys	Q3			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	Q4			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	Q1 (2022)			4/5/7/9
Following the fraud risk assessments, review policies and consider if a fraud risk plan or strategy needed.	Q2 (2022)			4/5/7/9/11
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	Q3			2
Build in key competency for Powys managers training for Financial Services around fraud awareness and ability to review systems and procedures.	Q4			1/5/6/8
Where appropriate publish in the media, cases investigated that have been through a fraud prosecution process	Q1			1
Review the external website to ensure its clear how to report fraud to the Council	Q4			1

Procure and use Fraud Hub software to create better opportunities for data matching and managing fraud risks	Q2		Currently going through contract issues and for signing	5/7/9
Once other fraud risk assessment actions above are complete, incorporate fraud and corruption risks into corporate risk management process which is then reviewed by the S151 Officer	Q1 (2022)			4/5/7/9/11
Review Portfolio Holder Member that should be responsible for counter-fraud.	Q3		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	Q4			10
Update staff and Member codes of conduct to include direct anti-fraud references	Q4			10
Implement a process for vetting candidates in respect of fraud and financial fraud risk	Q1 2022			10
Report to Members on declarations of interest and gifts and hospitality	Q2 2022			10
Ensure relevant strategies and policies are subject to required ongoing scrutiny and review	Q1 2022			1/3/4/7/9/11

Contact Officers: Yvette Kottaun & David Morris

Email: david.morris@powys.gov.uk
yvette.kottaun@powys.gov.uk

Head of Service: Jane Thomas

Corporate Director:

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
--	----