

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COMMITTEE:

AUDIT COMMITTEE

30th April 2018

Item No.7
Anti-Fraud, Bribery & Corruption Annual Report 2017/18 and Plan for 2018/19

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Ian Traylor – Head of Pensions, Payroll & Payments

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1. PURPOSE OF THE REPORT

The purpose of this report is to outline the progress made in 2017/18 and to consider and approve the workplan for 2018/19.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note and review the outcomes of anti-fraud work undertaken during 2017/18;
- 2.2 Consider and, if appropriate, approve the Anti-Fraud, Bribery & Corruption Plan for 2018/19; and
- 2.3 Receive updates at future meetings in accordance with the Terms of Reference of the Committee.

3. BACKGROUND

- 3.1 In November 2017, members received and subsequently approved the Anti-Fraud, Bribery and Corruption Strategy.
- 3.2 As detailed within the Strategy, reports will be prepared and provided to Audit Committee at relevant intervals in order to assist Audit Committee to fulfil its terms of reference.

3.3 Accordingly, set out is the annual report for 2017/18 and Forward Work Programme for 2018/19 (at Appendix 1) for members' consideration.

4. Equality and Engagement Implications

There are no equality and engagement implications associated with this report

5. Financial Implications

There are no financial implications associated with this report.

6. Legal Implications

The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

30th April 2018

Report of the Group Director, Corporate & Frontline Services

Author: Ian Traylor – Head of Pensions, Payroll & Payments

Item 7

- Anti-Fraud, Bribery & Corruption Annual Report-
2017/18 and Plan for 2018/19

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Anti-Fraud, Bribery & Corruption Report/Plan



**Rhondda Cynon Taf County Borough
Council**

**Anti-Fraud, Bribery & Corruption
Report 2017/18**

And

**Anti-Fraud, Bribery & Corruption Plan
2018/19**

DATE: April 2018

Anti-Fraud, Bribery & Corruption Report/Plan

Anti-Fraud, Bribery & Corruption Report 2017/18

Introduction

This report provides Audit Committee with an update of activities carried out in relation to the prevention, detection and investigation of potential fraud during 2017/18, together with the associated outcomes. A forward plan of targeted activity for 2018/19 is also included as **Appendix 1**.

1. **Headline Activities**

1.1 Strategy / Planning

1.1.1 Committee approval of the updated Anti-Fraud, Bribery & Corruption Policy, reinforcing the Council's zero tolerance approach to fraud and corruption.

1.1.2 Joint working with the Council's Internal Audit Team in the review and completion of the Council's Anti-Fraud, Bribery & Corruption Risk Assessment, which helps to target and prioritise areas of activity.

1.1.3 Developed an Anti-Fraud, Bribery & Corruption Plan for 2018/19 (**Appendix 1**), based on shared experience, and associated risk factors.

1.1.4 Developed an internal communication strategy, to help drive the proactive preventative and awareness raising measures across the organisation with the aim to maintain and promote an anti-fraud culture across all Council services.

1.1.5 Developed a central 'hub' for the collation of fraud referrals from all potential sources, e.g. members of the public (telephony/on-line reporting) and other Council departments (e.g. Housing Benefit Section). An accessible Council Internet and Intranet presence.

1.1.6 Supporting corporate policy documents including the Corporate Risk Management Strategy, Code of Conduct, Disciplinary Policy, Whistleblowing Policy and Financial Procedure Rules.

1.2 Prevention / Awareness

1.2.1 Active membership of the National Fraud Intelligence Bureau, sharing fraud experience, alerts and best practice across relevant Council Officers.

1.2.2 Developed a 'draft' fraud awareness Council 'Payslip' insert for inclusion in all May 2018 payslips (included as **Appendix 2**).

1.2.3 Provision of bespoke and specific risk assessments and fraud preventative measures to individual Council sections/departments (e.g. 'Flying Start' scheme).

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1.3 Review / Investigation

- 1.3.1 Coordinate the National Fraud Initiative (Cabinet Office) data sharing exercises across Council systems and support follow-up investigations.
- 1.3.2 Provide a single and specific point of contact and referral to the Department for Work and Pensions Fraud and Error Service (FES).
- 1.3.3 Provide a single and specific point of contact for data provision and sharing to internal and external requestors (e.g. South Wales Police, HMRC, other Council departments such as Private Sector Housing).
- 1.3.4 Collaborative work with the DWP's FES team on linked national benefit and Council Tax Reduction scheme investigations.
- 1.3.5 Investigation of fraud and/or irregularity within the Revenues arena (e.g. Council Tax discounts/exemptions).
- 1.3.6 Investigation of fraud and/or irregularity within the Council Tax Reduction scheme.
- 1.3.7 Participation in 'data-matching' exercises such as Council Tax 'Single Person Discount' reviews.
- 1.3.8 Assessment and review, as necessary, of any corporate fraud referrals.

2. Referrals and Outcomes 2017/18

- 2.1 Referrals to the Corporate Fraud Team are received from employees, members of the public, external agencies (e.g. HMRC, DWP), through the online fraud facility, whistleblowing facility or telephone/letter directly to the team. They are initially assessed to determine whether any investigatory action is appropriate.

Fraud Referrals 2017/18

	Referral Stream		
2017-18	On-line	Other	Total
Total	244	321	565

- 2.2 The vast majority of referrals received above (99%) relate to financial fraud against the benefit / income support system and accordingly are passported to the DWP (FES) team. The top referral reason is in respect of suspicions around inappropriately obtaining a benefit through non-declaration of parties living together.

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- 2.3 Following the transfer of responsibility for investigating Housing Benefit fraud into DWP Fraud and Error Service (FES), DWP has recently developed a suite of management information that will allow the Council to monitor the progress of referrals made and the outcomes achieved.

Outcomes 2017/18

Table 1: DWP (FES) Quarters available at reporting date:

Quarter 2 & 3 Data July - December 2017	Local Service Investigation	Local Service Compliance	Total cases
Referrals	30	91	121
Outcomes	24	76	100
Positive Outcomes	9	17	26
Admin Penalty	3		3
Prosecutions	3		3

Key:

Referrals	The total number of HB fraud referrals received by DWP in the quarter as a result of HB processing.
Outcomes	Number of cases with an outcome recorded in the quarter.
Positive Outcomes	Number of cases with an outcome recorded in the quarter. Includes all outcome categories listed in 'Outcomes' except for 'No Result'
Ad Pens	Number of cases with an outcome of 'Admin Penalty' recorded in the quarter.
Prosecutions	Number of cases with an outcome of 'Prosecution' recorded in the quarter.

Table 2: Corporate Fraud Investigatory Outcomes:

Corporate Fraud	Cause	Action
Occupational Pension	Inappropriately claiming deceased parent's Local Government Pension.	Individual was interviewed and cautioned, with an agreement in place to repay the full £780.
Council Tax – Single Person Discount	Not entitled to a reduction in council tax.	Discounts amounting to £1,841.22 were removed and attempts are now underway to recover.

Note: there are a small number of on-going investigations which will be reported to Audit Committee following their conclusion.

3. Concluding Comments

- 3.1 Agreement by Committee of the updated Anti-Fraud, Bribery and Corruption Strategy in November 2017 has reinforced the Council's commitment and zero tolerance approach towards fraud activity.
- 3.2 The agreement of the Anti-Fraud, Bribery & Corruption Forward Plan 2018/19 will ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventive measures capable of identifying and addressing new threats.

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Anti-Fraud, Bribery & Corruption Forward Plan 2018/19

In addition to the on-going activities, key liaison and collaborative work already undertaken, the Corporate Fraud Team will look to:

Activity	Explanation	How we intend to do it
Increased awareness of the role of the Corporate Fraud Team	To raise awareness of the team and the role they undertake and support they provide.	Payroll inserts as well as engagement with senior management to promote fraud awareness, reporting methods, sharing of best practice and internal control. Link with Human Resources around the Induction of new employees.
Review and completion of the Council's Fraud Risk assessment.	To provide assistance to the Audit team in the continued risk assessment of all Council areas. Targeting the limited resource against areas of greatest risk (financial and /or reputational) / opportunity.	High level assessment of internal control using shared experience, civil/criminal procedural knowledge and fraud expertise.
Training (Fraud Awareness)	A more in-depth and focussed training package for specific sections or departments designed around the role of the department and the internal and external risks they face.	Target delivery due to potential risks established from the risk assessment, shared intelligence or by Service request.
Intervention	<p>As informed by the risk assessment, work with the following Service Areas (supporting Internal Audit), around reviewing the existing internal control environment.</p> <ul style="list-style-type: none"> • Licensing • Private Sector Housing (Grant awards) 	In conjunction with the Internal Audit team, a qualified fraud investigating officer will visit, interview staff, scrutinise and examine documents and procedures to strengthen areas of potential risk and promote a culture of prevention and detection.
Investigation (reactive)	<p>Investigate other internal fraud/irregularity, these could include;</p> <ul style="list-style-type: none"> • Employee frauds • Social Care (Personal Budgeting/Direct Payments) • Grant awards • Pensions 	Use the qualified fraud investigators currently employed to investigate and report as appropriate. Support from Internal Audit and Human Resources as required.

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Activity	Explanation	How we intend to do it
'Fighting Fraud & Corruption' locally	To ensure that all items contained on the 'Checklist' (ref: Appendix 3- 'Anti-Fraud, Bribery & Corruption Strategy') are considered, measured and implemented.	In conjunction with the Internal Audit team.
NFI Data Sharing Exercise	Data analysis across the following service areas: <ul style="list-style-type: none"> • Payroll • Creditors • Debtors • Pensions • Housing Benefit • Council Tax 	Provision of data and comparative analysis with other public sector records, with follow-up investigation (repeated every 2 years) <ul style="list-style-type: none"> • Fraud, error, overpayments and excess reductions are identified. • To take appropriate action against offenders.
Joint collaborative investigation with DWP	Participate in the joint working arrangements with DWP (investigators and DWP legal resources) on linked national benefit and Council Tax Reduction scheme investigations	Sharing information and expertise, to ensure that collectively welfare benefit and CTRS are resourced in the most efficient and effective manner.
Investigate suspected Council Tax frauds	Utilise internal and external data matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.	Recover single person discounts 'incorrectly' claimed. Recover other disregards and discounts 'incorrectly' claimed.

FRAUD

The Council's Audit Committee have recently endorsed the Anti-Fraud, Bribery & Corruption Strategy, which sets out the Council's commitment and zero tolerance approach to protect public funds against internal and external risks of fraud.

The Council recognises that no public body is immune to the threat of fraud, and that those individuals and organised groups responsible for such activity cause significant harm to our local communities.

To help counter such threats, a key anti-fraud measure is through the vigilance of our employees, councillors and clients of the Council, who are encouraged to report their suspicions, either through the Council's whistle-blowing arrangements or using the fraud contact details below.

To assist officers with fraud prevention, detection and pursuit, the Council has a Corporate Fraud Team (CFT) of professionally trained investigators, with appropriate powers of access to information and Council premises. The team work closely in partnership with other agencies, local collaboration and share relevant information across the public sector fraud network.

In safeguarding our public resources, the Council will seek to instigate the strongest penalties against those that believe it is acceptable to attempt such offences.

Thank you for your support.

HELP US TO PREVENT, DETECT
AND STAMP IT OUT!

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