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| COMMITTEE | AUDIT AND GOVERNANCE COMMITTEE |
| DATE | 30 NOVEMBER 2020 |
| TITLE | COUNTER FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY ARRANGEMENTS |
| PURPOSE OF REPORT | TO UPDATE THE COMMITTEE ON THE COUNCIL'S ANTI-FRAUD AND ANTI-CORRUPTION WORK, AND PROGRESS ON THE WORK PROGRAMME FOR THE NEXT THREE YEARS |
| AUTHOR | DEWI MORGAN, ASSISTANT HEAD OF FINANCE (REVENUES AND RISK) |
| ACTION | CONSIDER AND CHALLENGE THE CONTENTS OF THE REPORT |

INTRODUCTION

- 1 The “**Risk of Fraud, Bribery and/or Corruption**” has been identified as one of the Council’s corporate risks. Currently, this is still considered to be of a **low risk** (score of 4) within the context of the Council’s governance framework because of:
 - An **Impact score of 2** (A **significant** effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a **visible** effect on many residents), and
 - A **Likelihood score of 2** (the likelihood of it happening is low – but is still there). It is believed that the likelihood is low because internal controls are generally robust; this is confirmed by the work of Internal Audit.
- 2 The purpose of this report is to:
 - Present information to the Committee on the Council’s fraud investigations.
 - Update the Audit and Governance Committee on progress on the programme of work of Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019-2022 adopted by the Audit and Governance Committee on 14 February 2019

FRAUD INVESTIGATIONS

- 3 The Council's officers are not currently investigating allegations of fraud against it.

PROGRAMME OF WORK OF THE ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY STRATEGY

- 4 Gwynedd Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy for 2019-2022 was adopted by the Audit and Governance Committee on 14 February 2019. The strategy includes eight actions which should be delivered over the three years to strengthen the Council's anti-fraud arrangements within available resources.

IDENTIFYING EMERGING RISKS

Action: Hold regular workshops of relevant officers to discuss matters arising, emerging risks and share good practice

- 5 A draft plan submitted by the Audit Manager to the Audit and Governance Committee on 13 February 2020 was the result of discussion with the Assistant Head of Finance (Revenue and Risk) and meetings with the heads of department. In the wake of the pandemic, however, the work of the unit was temporarily paused, and a new plan was presented to the Committee on 30 July. This scheme includes specific audits that respond to areas that may be subject to fraud in the wake of the crisis.
- 6 Action to identify further fraud risks will continue, but clearly any meetings will take place virtually for the foreseeable future.

COUNCIL TAX REDUCTION FRAUD

Action: Collaboration with the Department for Work and Pensions to develop the work of investigating Council Tax Reduction fraud

- 7 It was reported to the Committee in November 2019 that three Benefits officers and three Taxation officers were working for the CIPFA Accredited Counter Fraud Technician (ACFTech) qualification. It is good to report that each one of them passed the qualification. This is a significant investment in our fraud prevention procedures.
- 8 The qualification is accredited by the Counter Fraud Professional Accreditation Board, and the officers are recognised as 'Accredited Counter Fraud Technicians'. This will be an important step forward in developing the skills and qualifications necessary for Benefit Officers to be able to work more closely with the Department for Work and Pensions (DWP) fraud investigators.
- 9 A Workshop was held in Pwllheli on 12 February with the Assistant Head of Finance (Revenue and Risk), the Benefit Manager and Benefits officers to establish a way of moving forward to conduct investigations into fraudulent claims specifically relating to the Council Tax Reduction Scheme (claims that do not have an element of state benefits, and are therefore not investigated by DWP Fraud Investigators). One of the main expected outputs of the training was to enable officers to conduct fraud interviews, and to offer administrative penalties or to prosecute in the most serious cases. However, despite planning further action, this year's circumstances have not allowed further action to be taken as expected.
- 10 When the strategy was presented to the Committee in February 2019, members were keen to ensure that Council Tax fraud was also addressed. The qualification of Taxation officers will also enable them to develop their fraud investigation skills.

CIPFA COUNTER FRAUD CENTRE

Action: Continue to subscribe to the CIPFA Counter Fraud Centre and make use of the facility, including the source for identifying fraud risks, to ensure access to good practice

- 11 We are committed to membership for the current financial year, and we expect that we will continue thereafter. Further, we aim to be proactive, and have contributed to the service's annual "Fraud Tracker" exercise again this year.

COMMITTEE REPORT

Action: Include an item on counter fraud work on the Audit and Governance Committee agenda twice a year

- 12 There was an expectation that we would report to the May and November meetings of the Committee to give an update on this work, but the meeting of the Audit and Governance Committee that was due to be held in May 2020 was cancelled.
- 13 This report is therefore presented as an update, with the expectation that it will be possible to report again to the Committee in May 2021 – this has already been noted that was approved on 15 October 2020.

USE OF DATA

Action: Assess the possibility of using data better in order to identify and investigate fraud

Review of Council Tax Discounts

- 14 It was reported to the Committee meeting in November 2019 that Gwynedd Council is working with Datatank, to undertake a "rolling review" of single person discount applied to Council Tax accounts. False claims for this discount is amongst the most common frauds committed nationally, and studies have shown that the public sees this amongst the most "acceptable" of frauds.
- 15 This shows that single person discount fraud is common and recurring – and there is no reason to think that Gwynedd is different to the rest of Wales.
- 16 At present, around 18,000 Gwynedd households are in receipt of a 25% Council Tax single person discount which is awarded when there is only one adult living at a property.
- 17 Where incorrect claims are identified, the Council will terminate the claims, writing to the taxpayer and seeking to reclaim the discount.

National Fraud Initiative

- 18 The National Fraud Initiative (NFI) is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK.
- 19 The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments. A full NFI exercise will be undertaken soon, and work is ongoing to prepare data so that it can be passed to Audit Wales by the deadline of 5pm on 1st December.
- 20 These are the data sets that local authorities must provide:
 - Payroll
 - Pensions

- Trade creditors' payment history and trade creditors' standing data
 - Housing benefits (supplied by DWP)
 - Housing – Tenants, waiting list, Right to Buy
 - Council tax (annual submission)
 - Council tax reduction scheme
 - Electoral register (annual submission)
 - Students eligible for a loan (to be supplied by SLC)
 - Private supported care home residents (date of collection to be confirmed)¹
 - Transport: residents parking and blue badges (blue badge data to be supplied by the Blue Badge Digital Service) and concessionary travel passes and permits
 - Licences – taxi driver (market trader-operator and personal alcohol licence data may be submitted on a voluntary basis)
 - Personal budgets (date of collection to be confirmed)
 - COVID-19 business support grants data
- 21 The Council will begin to receive the results of the data matching work from January 2021, and work will commence at that time to check the reports that have been produced to identify any cases of fraud.

NEW DEVELOPMENTS

Action: The Council will be alert to the risk of fraud with new developments within the Council

- 22 This action goes hand-in-hand with the work to strengthen and develop the Council's risk management arrangements. With that in place, it should become natural for officials to identify new developments within the Register. It is important to note that the main risk of the majority of developments is not fraud, but we must be aware that there is potential fraud in any situation where money transfers.
- 23 Members will note from the list in paragraph 22 above that one of the new datasets that must be submitted to the National Fraud Initiative this year is COVID-19 business support grant data. As part of the fiscal stimulus package to support businesses in Wales through the Covid-19 pandemic, Welsh Ministers introduced two non-repayable grant instruments that are linked to non-domestic properties:
- Grant 1:** A grant of £25,000 for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000 on 20 March 2020.
- Grant 2:** A £10,000 grant to all businesses eligible for small business rates relief (SBRR) in Wales with a rateable value of £12,000 or less on 20 March 2020.
- 24 The Taxation Service administered these grants. By 19 November 2020 the service had paid 528 Grant 1 and 4,645 Grant 2, with a total value of £59.64m. It is inevitable that a scheme where significant money is allocated in times of crisis, particularly where payments are expected to be made quickly, will be attractive to fraudsters. We believe that robust arrangements are in place within the Taxation Service to administer the grants and check the validity of the applications – while this had attracted complaints from those who saw delays in getting their payments, it appears that an appropriate balance was been struck between paying quickly and paying correctly.

RAISING AWARENESS

Action: Establish a team Task and Finish Group to identify ways of raising awareness of fraud across the Council

25 This has not yet happened and has slipped due to the exceptional circumstances this year.

TRAINING EVENTS

Action: Being proactive by attending training events provided by professional bodies, and/or provide training jointly with other authorities in order to maximise effectiveness

26 A number of officers from the Finance Department have attended online webinars on Fraud and Corruption matters since the start of the lockdown period, including some that have been provided by CIPFA, the IRRV and others. The fact that events have had to move to online has made it easier and cheaper for many officers to attend and learn remotely.

27 In addition to Benefit and Taxation officers, two of the internal auditors have also qualified as CIPFA *Accredited Counter Fraud Technicians* (ACFTech). One of these auditors is currently on secondment with another public body and working specifically in the area of fraud investigation while the permanent post holder is on maternity leave. The expectation is that the officer will learn from this valuable experience and use it with us at Gwynedd Council in the near future when they return to their usual post.

RECOMMENDATION

28 The Audit and Governance Committee is asked to accept this report as an update on the Council's anti-fraud and anti-corruption work.