

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	17 JUNE 2021
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 THREE-YEAR WORK PROGRAMME
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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 No specific workshops have been held in the last 6 months to identify new risks, but the Audit Manager has met with all Heads of Department in the early months of 2021 to discuss aspects of risk that need to be included in the 2021/22 Internal Audit Plan.
- 6 As reported to the Audit and Governance Committee on 27 May, the plan for the new year will be flexible to specifically address issues as they arise.

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 previously reported to the Committee that 3 Benefits officers and 3 Tax officers have qualified as CIPFA Accredited Counter Fraud Technicians (ACFTech). This is a significant investment in our fraud prevention arrangements.
- 8 When this Anti-fraud Strategy was established in 2019 it was expected that the Benefit Service fraud investigators would be able to work more closely with the Department for Work and Pensions (DWP) Fraud Investigators to specifically search for fraud against the Council Tax Reduction Scheme.
- 9 The cases that would have been the subject of the work of those investigations were the claims that do not have an element of state benefit, and therefore are not being investigated by the Department for Work and Pensions Fraud Investigators. One of the main expected outputs of the training was to enable officers to conduct fraud interviews, and to move on 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 The ongoing pandemic situation has meant that it has not been possible to conduct interviews with claimants under the Council Tax Reduction Scheme which means that the service has not been able to move forward to implement the skills that have been acquired.
- 11 When the Strategy was presented to the Committee in February 2019, members were keen to ensure that Council Tax Fraud was also addressed. Since they qualified as fraud investigators, those officers have also been looking for Tax accounts that display the characteristics which have an element of fraud.

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

- 12 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

- 13 Apart from failing to report in May 2020 as the Audit and Governance Committee meeting has been cancelled, this has continued.

USE OF DATA

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

Review of Council Tax Discounts

- 14 We can confirm that Gwynedd Council continues to work with Datatank to provide ongoing work to review the single person discount given to Council Tax accounts. False claims for this discount are among the most common frauds nationally, and studies have shown that the public sees this as among the most "acceptable" fraud.
- 15 Currently, around 18,000 Gwynedd homes receive a 25% Council Tax single person discount which is awarded when only one adult lives in a property.
- 16 When incorrect claims are discovered, the Council ends the claims, writes to the taxpayers and tries to recover the reduction.
- 17 We will also commission Datatank to assist the Taxation Service this year again in looking for second homes and empty dwellings that should be subject to the Premium but where the taxpayer has not informed us of this.

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 has started to receive the results of the data matching work from January 2021, with work underway to check the reports that have been produced to identify any cases of fraud. This is a significant task, and the Audit and Governance Committee will receive an update on the work and any cases that emerge as the work continues.

NEW DEVELOPMENTS

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

- 22 It was reported to the Council in November 2020 that the new development that presented the greatest risk of fraud was Covid-19 business support grants. It is emphasised that this was Welsh Government funding, administered by local authorities, but nevertheless protecting funds is a responsibility for all those who administer public money.
- 23 The Taxation Service, supported by staff from other Department services, was charged with administering Welsh Government Covid-19 grants to Gwynedd businesses. As a result of the various lockdown periods of the crisis, there were 5 grant schemes during 2020/21 and over £106m of grant funding was distributed to support the county's businesses, processing almost 20,000 payments.
- 24 As noted above, the National Fraud Initiative will help to review these charges to identify any fraudulent applications, but early indications suggest that fraudulent applications have not yet emerged by using this procedure.
- 25 This appears to confirm that robust arrangements are in place within the Taxation Service to administer the grants and check the validity of the applications. As reported previously, while this has attracted complaints from those who saw delays in receiving their payments, indications suggest that an appropriate balance has been struck between quick payment and correct payment.

RAISING AWARENESS

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

- 26 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

- 27 A number of officers from the Finance Department have attended online webcasts on Fraud and Corruption issues since the start of the lockdown period and since last reporting to the Committee, including some that have been provided by CIPFA, the IRRV and others. This complements what has previously been reported, that online events have made it easier and cheaper for many officers to attend and learn remotely.
- 28 As previously reported, in addition to Benefit and Taxation officers, two of the internal auditors have also qualified as CIPFA Accredited Counter Fraud Technician (ACFTech). One of these auditors is currently on secondment with another public body while working specifically in the fraud investigation field while the permanent holder of the post 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 in October 2021.

RECOMMENDATION

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