

# Draft Counter-Fraud & Corruption Strategy

Cardiff Council



Gweithio dros Gaerdydd, gweithio drosoch chi.  
Working for Cardiff, working for you.



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## Foreword

*Ensuring that we protect the public purse is a priority for the Council, which is why we have published the Counter-Fraud and Corruption Strategy.*

*With criminals increasingly seeking to exploit any weakness across the public sector, we need to be vigilant to fraud risks. This strategy will help ensure that we take all appropriate measures to safeguard public finances, which is more important than ever at a time of declining budgets.*

*Fraud affects our reputation and our ability to deliver services. All of us, therefore, have a responsibility to do all that we can to prevent fraud and proactively report any suspicions or concerns. This strategy sets out our responsibilities and the expectations of Council, and provides a framework for tackling fraud, bribery and corruption.*

*Council officers will be fully supported to deliver this strategy, through eLearning, training and awareness campaigns. Their active support will be essential in continuing to develop a culture in which fraud, bribery and corruption are understood across the organisation to be unacceptable, and for which firm action will be taken.*

*Fraud and any acts of bribery and corruption will not be tolerated.*

**Councillor Huw Thomas, Leader of the Council, and Paul Orders, Chief Executive.**



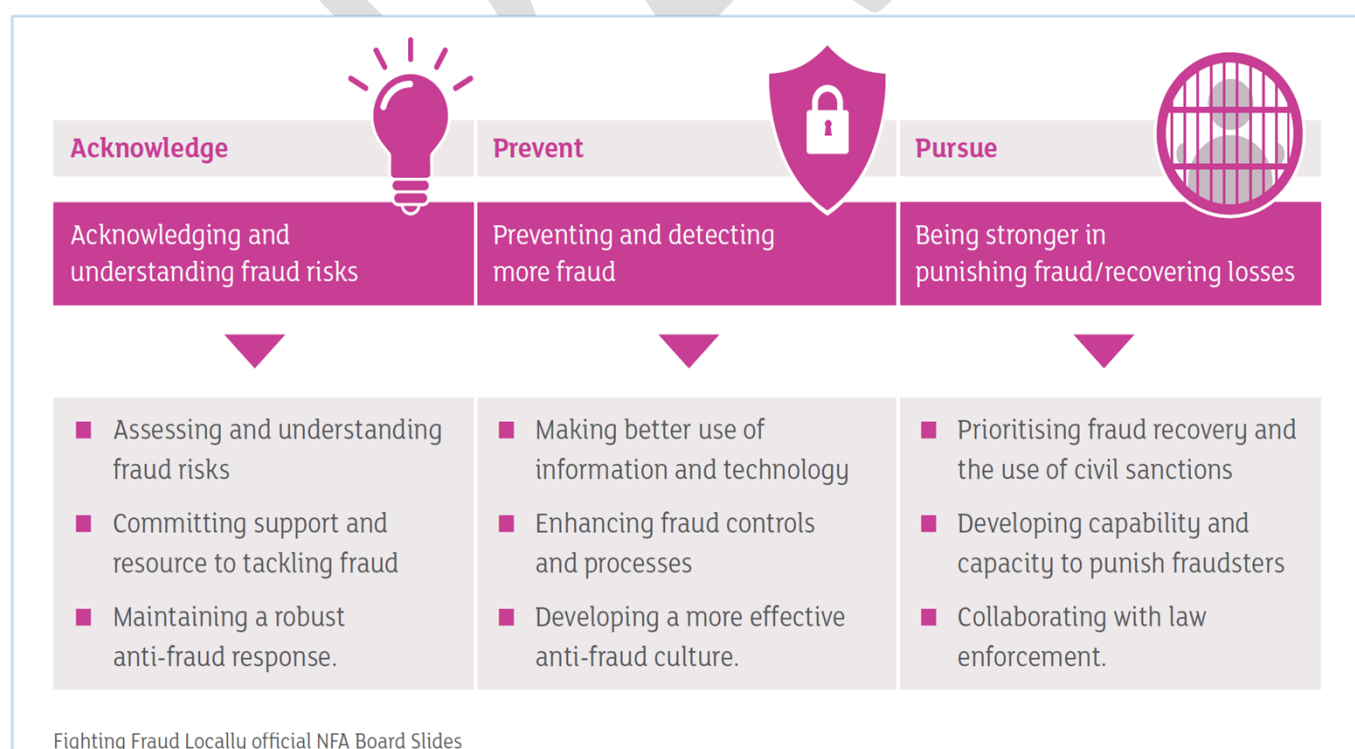
## 1. Objectives

This Strategy is designed to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.

### Our Principles

The strategy will support us all to better understand fraud risk, and to prevent and detect fraud more effectively. The strategic response to fighting fraud in Cardiff Council includes the following principles through which we:

- **'Acknowledge'** and understand fraud risks, and take steps to tackle fraud through a robust anti-fraud response.
- **'Prevent'** and detect more fraud, by making good use of technology, maintaining and enhancing fraud controls and processes and delivering an anti-fraud culture.
- **'Pursue'** through punishing fraudsters and the use of civil sanctions and recovery of losses and support to the law enforcement response.



Fighting Fraud and Corruption Locally, Local Government Counter Fraud and Corruption Strategy, CIPFA 2016-2019



## Our Targets

The Strategy is designed to support a fraud reporting culture, strong fraud awareness, assurance, and ownership within Directorates and teams.

1. **Reporting Culture** - Everyone working for / representing the Council (employees, agency workers, temporary staff, Members etc.) needs a good awareness of fraud risk and accountability for reporting, through training, communication activities and policy reviews. Members of the public must know how and when to raise concerns.
2. **Strong Assurance** - The Council's internal control systems need to provide indications of any unusual patterns of activity or events that may point to potential fraudulent activity. Fraud risks must be understood, monitored and managed, to deliver strong Council-wide assurance on fraud risk management.
3. **Ownership** - Everyone working for the Council needs to understand their personal responsibility for supporting counter-fraud risk management. Managers should consider this in Personal Review objective setting.

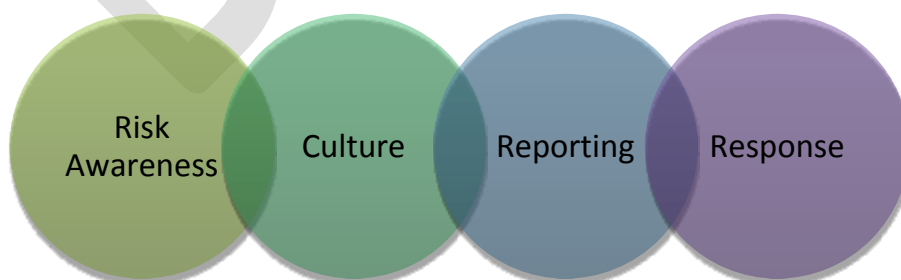
## Why is this important?

'Fraud costs the public sector at least £20.6bn annually, and of this total, **£2.1bn is specifically in local government.**'

(**Annual Fraud Indicator 2013**, which provided the last set of government sanctioned estimates (England, Scotland, Wales and NI)).

## Our Approach

The Council's approach for meeting the objectives of the strategy involves four core elements:



**Risk Awareness** - Deliver a range of fraud awareness training and take active steps to understand the nature and level of fraud risks. Providing managers with support in designing, operating and reviewing internal controls and sharing knowledge of vulnerabilities and lessons learned through strong communication channels.





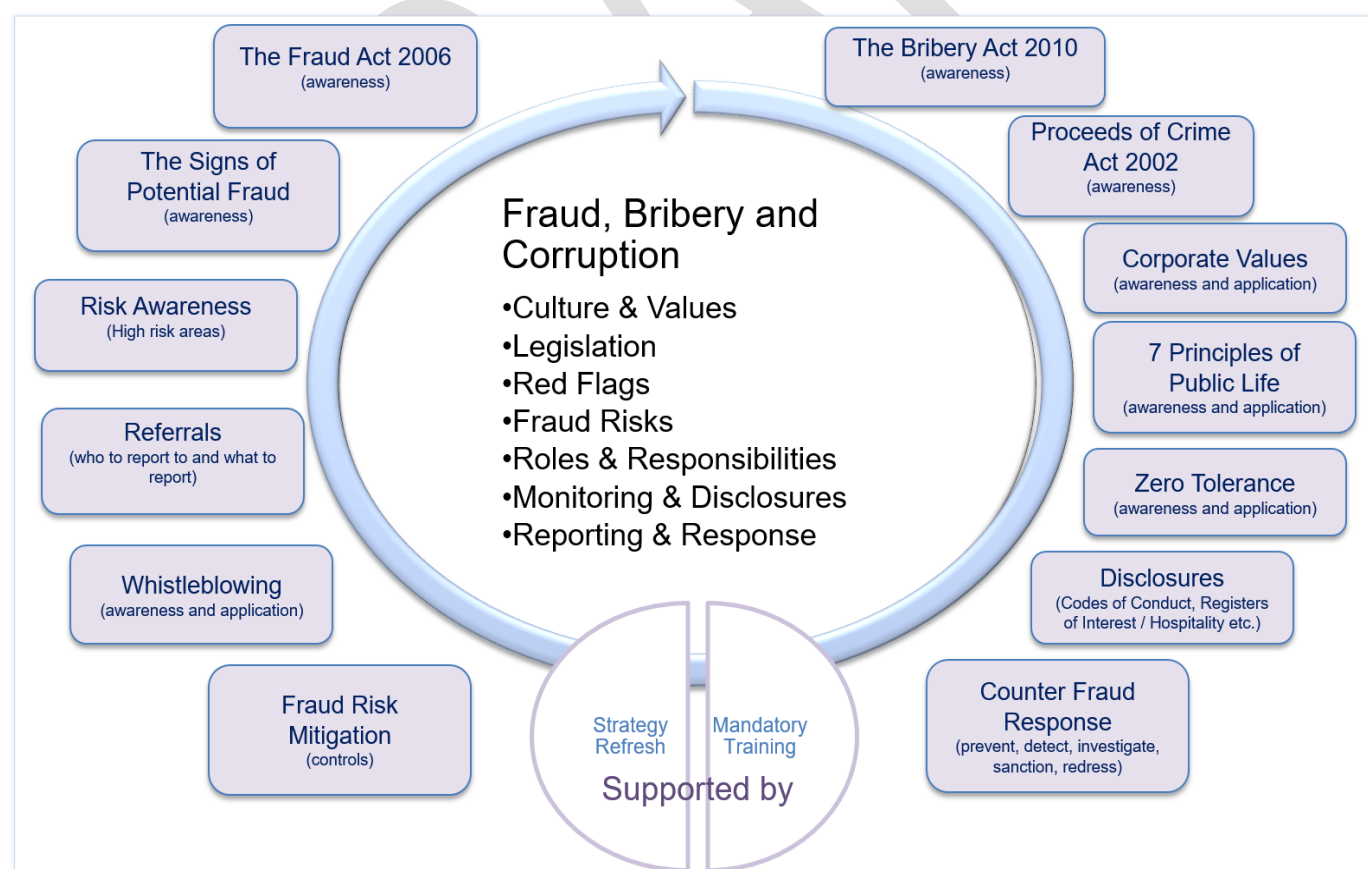
**Culture** - Supporting individuals in their responsibilities to prevent and detect fraud, through training and guidance to reinforce expectations. Communicating our attitude to fraud by raising awareness of the counter-fraud policy framework, which supports the application of clear ethical standards.

**Reporting** - Providing, effectively communicating, and promoting, robust process for reporting suspicions of fraud.

**Fraud response** - Responding to fraud effectively through a comprehensive fraud response plan, developing capability and capacity to investigate fraudsters and delivering a collaborative and supportive response.

## How we will deliver the strategy

Awareness, support and training for ALL officers to understand and apply a strong counter-fraud culture. The Counter-Fraud Action Plan, which sets out the calendar of key activities planned for each financial year, is included in Appendix A.



## 2. Legal Background

There are a number of pieces of legislation in place that we need to be aware of and ensure we adhere to, which are summarised below:

### Fraud

The Fraud Act 2006 focusses on dishonest behaviour, and the intent to make a gain either for yourself or another; to cause a loss to another; or, expose another to a risk of a loss. A person does not have to benefit from the fraud to be guilty of the offence. As soon as they have made a dishonest / false representation, they have committed fraud.

The offence of fraud can be committed in three ways, which are summarised below:

- ❌ **Fraud by false representation** – lying, or misleading someone in order to make a gain or cause a loss. *E.g. falsifying information in a job application form*
- ❌ **Fraud by failing to disclose information** – not stating something you have a legal duty to. *E.g. failing to declare a conviction, disqualification or commercial interest when such information may have an impact on your role, duties or obligation to declare.*
- ❌ **Fraud by abuse of a position** – abusing a position where there is an expectation to safeguard the financial interests of another person or organisation. *E.g. abusing access to monies, or using commercially confidential information to make a personal gain, or cause a loss.*

**Fraud.** Offences under the Fraud Act 2006 occur where the act or omission is committed dishonestly and with intent to cause gain or loss. The gain or loss does not have to succeed.

Successful prosecutions under the Fraud Act 2006 may result in an unlimited fine and/or a potential custodial sentence of up to 10 years.

### Bribery and Corruption

Bribery and Corruption is covered by specific pieces of legislation:

The Bribery Act 2010 has made it a criminal offence to:

- ❌ **Offer, promise or give a financial or other advantage to another person, and/or**
- ❌ **Request, agree to receive, or accept a financial or other advantage.**

The Act contains further offences for commercial bribery. An offence relating to bribery of a foreign public official in order to obtain or retain business or an advantage in the conduct of business, and a form of corporate liability for failing to prevent bribery on behalf of a commercial organisation.

**Bribery** is generally defined as: an inducement or reward offered, promised or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage.

A conviction under the Bribery Act 2010 may ultimately result in an unlimited fine and/or a custodial sentence of up to 10 years imprisonment.



**Corruption** is generally considered as an “umbrella” term covering such various activities as bribery, corrupt preferential treatment, kickbacks, cronyism, theft or embezzlement. Under the 2010 Act, however, bribery is now a series of specific offences.

A bribe does not have to be in cash; it may be the awarding of a contract, the provision of gifts, hospitality, sponsorship, the promise of work or some other benefit. The persons making and receiving the bribe may be acting on behalf of others – under the Bribery Act 2010, all parties involved may be prosecuted for a bribery offence.

**Proceeds of Crime Act 2002** – The Act can be used for recovering criminal assets. Criminal confiscation is the most commonly used power, and this occurs after a conviction has taken place. The Act was introduced to deny criminals the use of their assets, to recover the proceeds of crime and to ‘disrupt and deter’ criminality.

**Misconduct in Public Office:** A common law offence for which the elements are:

- a) A public officer acting as such.
- b) Wilfully neglects to perform his duty and/or wilfully misconducts himself.
- c) To such a degree as to amount to an abuse of the public's trust in the office holder.
- d) Without reasonable excuse or justification.

This offence carries a maximum sentence of life imprisonment, and should be reserved for cases of serious misconduct or deliberate failure to perform a duty, likely to injure the public interest. Dishonesty or corrupt behaviour are not essential elements of the offence.

### **Other relevant legislation**

**The Criminal Finance Act 2017:** Whilst this in the main relates to a UK tax evasion facilitation offence, Government guidance suggests prevention measures should be in place similar to the prevention measures under s7 of the Bribery Act 2010. The Council needs to have policies and procedures in place to prevent tax evasion from occurring.

**The Serious Crime Act 2015:** The Serious Crime Act gives effect to a number of legislative proposals in relation to serious and organised crime. In doing so, it builds on current law to ensure that the relevant bodies have the powers they need effectively and relentlessly to pursue, disrupt and bring to justice serious and organised criminals.

**The Public Contracts Regulations 2015:** Where a contracting authority has knowledge that a company or its representatives have been convicted of a corruption offence, they should be treated as ineligible (debarred) to participate in the tendering process. Companies cannot be permanently debarred, but instead will face a term of debarment, dependent on the case, that can be no longer than five years from the date of the conviction. Public authorities are also obliged to bring debarment to an end when the company can satisfactorily demonstrate ‘self-cleaning’.





### 3. Values

#### General Integrity and Ethical Values

The Council has a strong commitment to integrity, ethical values and the law, through the Council's Corporate Values, Constitution, and supporting policies and procedures:

- **Corporate Values** - guide the workforce and communicate expectations to our stakeholders on conduct and behaviour.
- **Induction and Training Processes** - are in place for all officers and Members to ensure awareness and understanding on a range of policies, procedures and regulations.
- **Statutory Roles** - which include the Section 151 Officer, who has overall responsibility for the financial administration of the Council and the Monitoring Officer, who has overall responsibility for ensuring that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct
- **The Standards and Ethics Committee** - monitors and scrutinises the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services.
- **A Whistleblowing Policy** – encourages staff and contractors to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest).
- **Zero Tolerance attitude to fraud, bribery and corruption** – requires Officers and Members to act honestly and with integrity at all times, and to promptly report concerns

#### Zero Tolerance to Fraud

The Council requires Officers, Members and those we engage with, to act honestly and with integrity at all times. Zero tolerance is given to those committing or attempting fraudulent or corrupt acts (including bribery) inside and/or outside of the Council, through:

- Acting robustly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution etc;
- Taking action to recover any losses through fraud, bribery and corruption e.g. through agreement, Court action, penalties, insurance etc;
- Having sound internal control systems, which allow for innovation, whilst limiting opportunities for fraud, bribery and corruption;
- Optimising the publicity opportunities associated with anti-fraud and corruption activity within the Council and where appropriate, publishing the results of any action taken, including prosecutions, in the media.



## 4. Assessing Fraud Risk

Cardiff Council relies upon proactive and reactive work across the Council in order to effectively prevent and detect fraud.

The first line of defence is the internal control environment within each directorate, in which there needs to be a culture of accountability, a zero tolerance to fraud, supported by a robust application of controls, to prevent fraud and a reporting culture for any concerns.

Awareness and training are essential to ensure a Council-wide response to counter-fraud. A corporate approach to awareness and training is programmed in the Counter-Fraud Action Plan (see Appendix A).

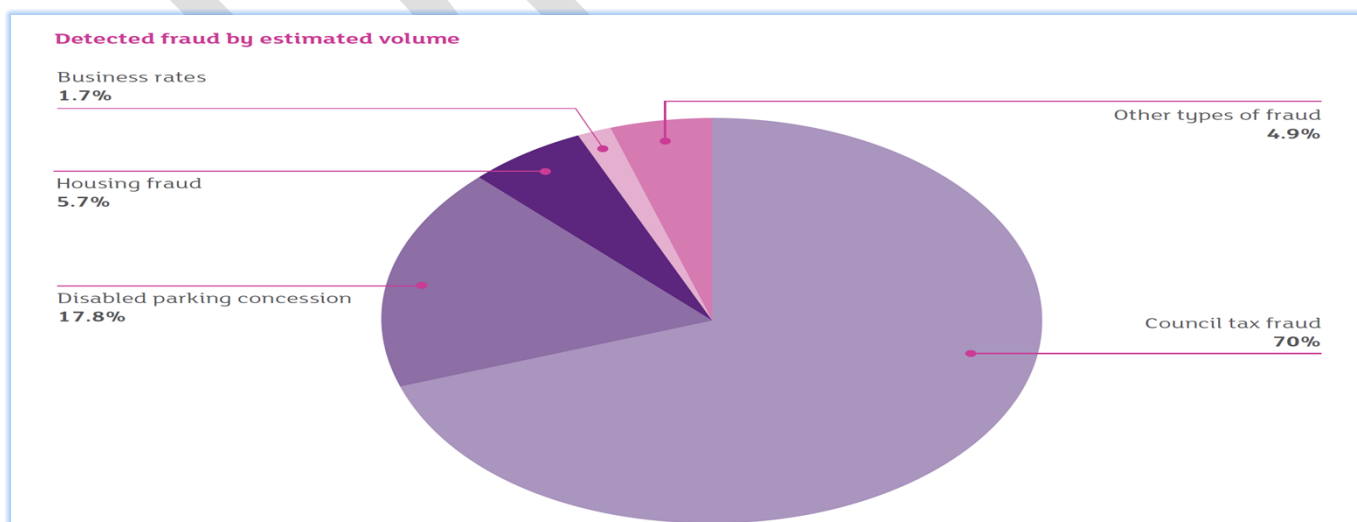
Central resources are targeted to the highest risk fraud areas, and the starting point for the risk assessment is national intelligence and data on fraud levels across local authorities. The annual CIPFA fraud and corruption tracker provides insight on the levels of fraud identified in UK local authorities and wider public services.

The most recent data on the relative proportions of detected local authority fraud by volume is shown below. The associated fraud risk descriptions are included within the glossary in Appendix B.

The following pages explain the process that is followed to develop the fraud risk assessment, starting with national data and intelligence, and then integrating Council intelligence. This strategy and the associated activities included in the Counter-Fraud Action Plan, are focussing greater attention to an organisation-wide fraud risk awareness, and the reporting of suspicions and concerns from all levels of the organisation.

### National Trends & Intelligence

#### I. Detected Fraud in UK Local Authorities (by Volume)



CIPFA, Fraud and corruption tracker 2018

Estimated  
Fraud Value  
2017/18

- £216.1m Housing and Tenancy Fraud
- £26.3m Council Tax Fraud
- £10.4m Business Rates Fraud
- £7.3m Disabled Parking Fraud



The 'other' types of fraud (4.9% of detected volume) comprised the following, shown in order of frequency across UK local authorities, ordered from most frequent to least.

## II. Primary 'other' types of fraud in UK Local Authorities in 2017/18

Primary 'Other' Types of Fraud	Estimated value 'overall'	Estimated value 'per fraud'
Adult Social Care fraud	£6.7m	£9.1k
Mandate fraud and manipulation of data	£6.6m	£25.6k
Procurement fraud	£5.2m	£36.4k
No recourse to public funds / welfare assistance fraud	£4.3m	£11.4k
Insurance fraud	£3.5m	£12.3k
Payroll, recruitment, expenses and pension fraud	£2.1m	Payroll - £6k Recruitment - £9.5k Expenses - £867 Pensions - £3.4k
Economic and voluntary sector support & debt fraud	£0.8m	£13.4k

CIPFA, Fraud and corruption tracker 2018

The Council uses its awareness of national fraud risk trends in local authorities and wider public services, to understand the growing areas of fraud and to consider the conditions in which fraud could take place. This knowledge is used to inform management activities, Internal Audit testing, and the focus of the Investigation's Team.

The value of actual fraud identified in Cardiff Council through fraud investigations, is monitored, recorded, and reported to each of the five Audit Committee meetings held each year.

## Council Intelligence

The Council uses a number of sources of intelligence to identify its fraud risk, which build upon the national intelligence data that we receive. The Investigation Team uses the following primary means to identify its fraud risk assessment of the Council.



Building on national intelligence sources, three principal areas used to further refine the understanding of fraud risk, are as follows:



## **1. Internal Control Environment (Management and Internal Audit Assurance)**

Managers at all levels are responsible for ensuring that systems and processes in place minimise fraud risk and are operating as they should. Managers are responsible for installing and monitoring strong physical and system controls to prevent fraud risks, and for effective mechanisms to detect and respond to potential fraud. Management monitor the controls in place to manage fraud risk, allegations of fraud, and other intelligence or red flags for fraud. This intelligence should inform their management risk assessments quarterly and assurance statements twice a year in respect of the prevention and detection of fraud.

Internal Audit provides independent assurance on the operation of internal controls. The Internal Audit plan is responsive to fraud risk, with national data and intelligence used to inform an inherent risk assessment, which is further refined by additional sources of assurance. High fraud risk areas (e.g. Council Tax, Business Rates and Housing) are subject to regular systematic audits, as are the areas of 'other' fraud (as categorised above). Audit test programmes assess the risk of fraud and the effectiveness of key controls to mitigate fraud. The work of audit provides a secondary assessment of the fraud risk.

## **2. Data Matching and Analysis**

There are a number of activities in place to identify fraud risk through data analysis and data matching. Core financial systems use a range of methods to identify the risk of fraud, with mechanisms in place for assurance in key areas of high value transactions such as procurement and payroll.

The Council works with the Wales Audit Office and Cabinet Office to undertake data matching exercises in order to identify potential frauds and irregularities, and works with other local authorities to share intelligence and best practice. The data matching and analysis intelligence further informs the fraud risk assessment, whilst also leading to proactive fraud detection activities.

## **3. Whistleblowing**

The Council's Whistleblowing Policy is a means through which those working for, or with us, can make a disclosure in the public interest, and this may relate to an allegation of fraud or financial impropriety. Workers are often the first to realise that there may be something significantly wrong within the Council. The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we expect workers, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

### **The Right Conditions for Fraud**

A concept known as the fraud triangle refers to a 'perfect storm' where the following three elements, leading to fraud, coincide. At the same time as upholding our own corporate values, we need to be alert to the presence of these conditions in others, and to work on reducing the elements which are in our control as colleagues and managers.



### ***The Fraud Triangle***

**1. Pressure**

**2. Opportunity**

**3. Rationalisation**

Concept developed in 1950s by Criminologist Dr Donald Cressey.

- **Pressure or motivation** to commit fraud can come from a range of sources e.g. a detrimental change to an individual's personal financial situation.
- **Opportunity** to commit fraud generally results from poor controls in place within directorates i.e. failing to put in place measures to prevent attempted fraudulent acts. It is the responsibility of managers in the first instance to install and monitor effective controls, with all employees expected to report any concerns they have.
- **Rationalisation** is the justification that a person has to go about committing a crime. If the right culture and values are upheld, then regardless of the above two elements, people will not commit fraud.

### **Red Flags for Fraud**

There are a number of behavioural characteristics, which may alert us to a greater risk of fraud. These are known as 'Red Flags', and we are all responsible for keeping alert to the presence of these behavioural characteristics in those that we work with, and reporting concerns to our line manager, where appropriate, and to the Audit Manager.

In its 2016 Report to the Nations on Occupational Fraud and Abuse, the Association of Certified Fraud Examiners identified behavioural red flags that many fraud perpetrators exhibit as follows:

- Ø Living beyond one's means.
- Ø Financial difficulties.
- Ø An unusually close association with a vendor or customer.
- Ø Control issues or an unwillingness to share duties.
- Ø Wheeler-dealer attitude involving shrewd or unscrupulous behaviour.
- Ø Irritability, suspiciousness, and defensiveness.
- Ø Addiction problems.
- Ø Refusal to take holidays
- Ø Complaining about their lack of authority.
- Ø Excessive gambling.
- Ø Increased smoking.
- Ø Making up excuses for missing documents, income, and finding scapegoats.





## System / Data 'Red Flags'

Inventory shrinkage	Missing documents	Multiple payments
Spikes in invoice volume	Frequent complaints	Excessive number of adjusting entries

## 5. Roles and Responsibilities

Cardiff Council recognises the threat of fraud and corruption, and the harm they can cause to our organisation, our aims and objectives, and our service users.

It is important that we all recognise our personal accountability for managing the risk of fraud, bribery and corruption. To be able to 'acknowledge', 'prevent' and 'pursue' potential instances of fraud we need to work together and each understand the active role we must play. Our primary responsibilities for supporting a counter-fraud culture are included below.

Roles	Primary Responsibilities
All Employees	<ul style="list-style-type: none"><li>• Complete all mandatory training;</li><li>• Uphold strong standards of conduct and compliance;</li><li>• Maintain physical and system controls to prevent and detect fraud;</li><li>• Keep aware of fraud risks and report suspicions.</li></ul>
Members	<ul style="list-style-type: none"><li>• Complete all mandatory training;</li><li>• Uphold strong standards of conduct and compliance;</li><li>• Support a reporting culture and take appropriate action;</li><li>• Reinforce a culture of accountability and 'zero tolerance' to fraud.</li></ul>
Managers	<ul style="list-style-type: none"><li>• Complete all mandatory training;</li><li>• Uphold strong standards of conduct and compliance;</li><li>• Maintain physical and system controls to prevent and detect fraud;</li><li>• Regularly assess, monitor and manage fraud risks;</li><li>• Support a reporting culture and take appropriate action;</li><li>• Reinforce a culture of accountability and 'zero tolerance' to fraud.</li></ul>
Section 151 Officer	<ul style="list-style-type: none"><li>• Make arrangements for the proper administration of financial affairs;</li><li>• Authorise the investigation of potential financial irregularities.</li></ul>
Monitoring Officer	<ul style="list-style-type: none"><li>• To ensure the Council, its officers, and its elected Members, maintain high standards of conduct.</li></ul>
Internal Audit Team	<ul style="list-style-type: none"><li>• Develop and deliver a risk-based audit plan to provide assurance on effective financial management and sound systems of internal control;</li><li>• Evaluate the risk of fraud, and the systems and controls in place to prevent and detect fraud.</li></ul>



Internal Audit – Investigation Team	<ul style="list-style-type: none"> <li>• Provide advice and support to the Section 151 Officer that all suspicions of fraud, bribery and corruption are dealt with in an effective, efficient and consistent manner;</li> <li>• Work closely with Directorates where fraud or financial impropriety is suspected;</li> <li>• Provide professional advice and support to Investigating Officers;</li> <li>• To lead investigations as appropriate;</li> <li>• Develop and deliver the Counter-Fraud Action Plan.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• To monitor the Counter-Fraud Strategy, actions and resources;</li> <li>• To review the assessment of fraud risks and potential harm to the council from fraud and corruption.</li> </ul>
<i>Dedicated Investigation roles</i>	<i>NB – this Strategy outlines the roles and responsibilities to support a Council-wide approach to Counter-Fraud. The specific roles in respect of investigations are included in associated policies.</i>

## Reporting Culture

Through your day-to-day work, you are in the best position to recognise specific risks within your areas of responsibility, or those working closely with you. Where you believe the opportunity for fraud, corruption or bribery exists, whether because of poor procedures or oversight, you should report in accordance with the following simple steps.

If you believe you have identified potential fraud:

1. Report the matter to your line manager as soon as possible. Line managers should attempt to establish as many details as possible (through discussion with the notifying officer only).

OR

2. If the concern relates to your line manager, report the matter direct to the Audit Manager (Chris Pyke) or the Section 151 Officer (Christopher Lee).
3. Following any notification of fraud, financial impropriety or irregularity, Management should in the first instance, send an email to the Group Auditor Investigations, [d.hexter@cardiff.gov.uk](mailto:d.hexter@cardiff.gov.uk) summarising allegation(s), including as much detail as possible.

NB. Key Contact information is included in Appendix C, and the investigation process is included in the Council's Fraud Bribery and Corruption Policy.

## Further Reporting Mechanisms:

[Tenancy fraud](#)   [Scams online](#)   [Fraud online](#)   [Whistleblowing Policy](#)   [Benefit Fraud](#)

- |                                              |                |
|----------------------------------------------|----------------|
| • Wales Audit Office Whistleblowers' Hotline | 029 20 320 522 |
| • Public Services Ombudsman for Wales        | 0300 790 0203  |
| • Public Concern at Work                     | 020 3117 2520  |



## 6. Monitoring and Disclosures

The Council requires a number of disclosures to be made, to reinforce its counter-fraud culture. The primary policies in which disclosures are required relate to:

- Codes of Conduct (*Officers and Members*)
- Registers of Interest
- Register of Gifts and Hospitality
- Whistleblowing

In upholding strong standards of conduct and compliance, it is vital that we work in accordance with the full requirements of these policies and codes. All relevant interests, gifts, and hospitality, received in accordance with the respective policies, needs to be fully disclosed.

## 7. Counter-Fraud Response Plan

The Council's approach to counter-fraud includes a number of proactive and responsive elements.

### Proactive

- Developing a counter-fraud culture to increase resilience to fraud;
- Preventing fraud through the implementation of appropriate and robust internal controls and security measures;
- Using techniques such as data matching to validate data and identifying anomalies;
- Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters.

### Responsive

- Detecting fraud through data and intelligence analysis;
- Implementing effective whistleblowing arrangements;
- Investigating fraud referrals;
- Applying sanctions, including internal disciplinary, regulatory and criminal;
- Seeking redress, including the recovery of assets and money where possible.

The Council has a Counter-Fraud Plan in place as part of its Counter-Fraud Policy Framework as summarised below.



## Counter Fraud Policy and Document Framework



Each of the above documents supports the Council to achieve one or more of its Counter-Fraud objectives as follows:

- **‘Acknowledge’** and understand fraud risks
- **‘Prevent’** and detect more fraud
- **‘Pursue’** and punish fraudsters

These core documents need to be robustly applied, and adhered to, by all of us.

Included in Appendix C is a desktop guide for wide publicity and use across the Council.

### **8. Counter-Fraud Action Plan**

The Audit Manager will produce a Counter-Fraud Action Plan on an annual basis to summarise the key Counter-Fraud work and initiatives scheduled for the financial year.

The Audit Committee will oversee the delivery of Counter-Fraud activities.



## The Counter-Fraud and Corruption Action Plan

Ref.	Action Required	Timescale
<b>Anti-fraud and Corruption Policies Updates (<i>Primary Policies</i>)</b>		
1.	<b>Fraud, Bribery and Corruption Policy</b> Review and update the policy that guides the approach to preventing fraud, bribery and corruption, and managing suspected cases	<i>Review every two years</i>
2.	<b>Fraud Response Plan</b> Review and update the approach followed in the event of suspicions of fraud, bribery and corruption	<i>Review every two years</i>
3.	<b>Money Laundering Policy and Procedure</b> Review and update the policy that provides guidance, obligations and reporting arrangements.	<i>Review every two years</i>
4.	<b>Whistleblowing Policy</b> Review and update to ensure it meets best practice.	<i>Regular review (directed by Monitoring Officer.)</i>
5.	<b>Prosecution Policy</b> Review and update the policy that provides guidance on a decision to prosecute an individual in respect of a criminal investigation case.	<i>Review every two years</i>
<b>Participation in Networks and Information Reviews</b>		
6.	<b>Fraud Network</b> Attend meetings and correspond with Chief Auditors, Investigators and other like-minded professionals/relevant groups.  To ensure we are up to date with national and regional attempted and committed frauds, and trends and intelligence.	<i>Ongoing</i>
7.	<b>Senior Management Assurance Statements - Review</b> Audit Investigation Team to review Directorate responses to their assurance statements on the prevention and detection of fraud, as part of the Council's fraud risk assessment.	<i>Twice a year</i>





Ref.	Action Required	Timescale
8.	<b>Directorate Risk Register - Review</b> Audit Investigation Team to review Directorate Risks relating to fraud, bribery and corruption risks, to provide advice and guidance, and as part of the Council's fraud risk assessment.	<i>Twice a year</i>
<b>Training and Awareness Raising</b>		
9.	<b>Counter-Fraud Training</b> Develop an eLearning fraud-training package to roll out across the council.	Commencing July 2019
10.	<b>Training/communication sessions</b>  Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.  Promote an anti-fraud culture and awareness raising at a local level.	Ongoing
<b>Data Analytics &amp; Proactive Fraud Reviews</b>		
11.	<b>National Fraud Initiative</b> Participate in the data matching exercise on an ongoing basis to assist in the prevention and detection of fraud.	Ongoing
12.	<b>Internal Audit Plan and Review</b> The Internal Audit Plan is informed by CIPFA intelligence of local authority fraud risks, and wider organisation risks and information. The team actively reviews the effectiveness of controls in place to prevent and detect fraud, as part of their ongoing programme of work.	Ongoing



## Glossary – Fraud Types

CIPFA Fraud and Corruption Tracker 2018

<b>1. Adult social care fraud</b>
Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse.  Investigations cover cases where: <ul style="list-style-type: none"> <li>• direct payments were not being used to pay for the care of the vulnerable adult</li> <li>• care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.</li> </ul>
<b>2. Blue Badge fraud</b>
The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered and are issued to those with disabilities in order that they can park nearer to their destination.  Blue Badge fraud covers abuse of the scheme, including the use of someone else's Blue Badge, or continuing to use or apply for a Blue Badge after a person's death.
<b>3. Business rates fraud</b>
Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate between evasion and avoidance. Business rates fraud covers any fraud associated with the evasion of paying business rates including, but not limited to, falsely claiming relief and exemptions where not entitled.
<b>4. Cautions</b>
Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.
<b>5. Council tax fraud</b>
Council tax is the tax levied on domestic properties and collected by district and unitary authorities in England and Wales and levying authorities in Scotland.  Council tax fraud is split into three sections: <ul style="list-style-type: none"> <li>• <b>council tax single person discount (SPD)</b> – where a person claims to live in a single-person household when more than one person lives there</li> <li>• <b>council tax reduction (CTR) support</b> – where the council tax payer claims incorrectly against household income</li> <li>• <b>other types of council tax fraud</b> – e.g. claims for exemptions or discounts to which the council tax payer has no entitlement.</li> </ul>
<b>6. Debt fraud</b>
Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.
<b>7. Disciplinary outcomes</b>
Disciplinary outcomes relate to the number of instances where, as a result of an investigation by a fraud team, disciplinary action is undertaken, or where a subject resigns during the disciplinary process.
<b>8. Economic and voluntary sector (grant fraud)</b>
This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.
<b>9. Housing fraud</b>
Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, abandonment, or right to buy.



<b>10. Insurance fraud</b>
This fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.
<b>11. Mandate fraud</b>
Action Fraud states that: "mandate fraud is when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier".
<b>12. Manipulation of data fraud</b>
The most common frauds within the manipulation of data relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.
<b>13. No recourse to public funds fraud</b>
No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.
<b>14. Organised crime</b>
The Home Office defines organised crime as "including drug trafficking, human trafficking and organised illegal immigration, high value fraud and other financial crimes, counterfeiting, organised acquisitive crime and cyber crime".
<b>15. Procurement fraud</b>
This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.
<b>16. Right to buy</b>
Right to buy is the scheme that allows tenants that have lived in their properties for a qualifying period the right to purchase the property at a discount.
<b>17. Welfare assistance</b>
Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.
<b>18. Whistleblowing</b>
Effective whistleblowing allows staff or the public to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.



## A Desktop Guide to Reporting Cardiff Council Fraud, Bribery and Corruption

**FRAUD** is the dishonest intent to obtain a financial gain from, or cause a financial loss to, a person or party through false representation, failing to disclose information or abuse of position.

**CORRUPTION/BRIBERY** is the offering, promise, giving, requesting, agreeing to receive, or accepting a payment or other advantage to induce or reward a person to improperly carry out their duties

### DO

- **Note your concerns**

Record details such as your concerns, names, descriptions, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.

- **Retain or secure evidence**

Retain any evidence that may be destroyed, but do not alter or write on it in any way.

- **Report your suspicion promptly**

Confidentiality will be respected – delays may lead to further financial loss.

- **Be discreet**

Don't discuss your concerns with anyone who doesn't need to know.

### DO NOT

- **Confront the suspect or convey concerns to anyone other than those authorised**

Never attempt to question a suspect yourself; this could alert a fraudster and place you at harm and jeopardise an investigation/put evidence at risk.

- **Try to investigate the concern yourself**

Never attempt to gather evidence yourself unless it is about to be destroyed; speak with the Council's Counter-Fraud Specialist as soon as possible for advice and guidance.

- **Be afraid of raising your concerns**

The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

**If you suspect that fraud against the Council has taken place, you must report it immediately:**

- To your line manager in the first instance, where appropriate and
- To the Audit Manager (Chris Pyke) or the Section 151 Officer (Christopher Lee)
- Via email to the Group Auditor Investigations ([d.hexter@cardiff.gov.uk](mailto:d.hexter@cardiff.gov.uk))

### Report Fraud, Bribery & Corruption – contact details:

**Audit Manager**

**Internal Audit, County Hall, Cardiff. CF10 4UW**

**Telephone: 2087 2284**

All calls will be treated in confidence and investigated by professionally trained personnel

## Protecting your Council from Fraud, Bribery and Corruption

Your nominated **Counter-Fraud Specialist is David Hexter**, who can be contacted by telephoning **029 2087 2284**, or emailing [d.hexter@cardiff.gov.uk](mailto:d.hexter@cardiff.gov.uk)

If you would like further information about Cardiff Council Fraud Activities, please visit our [SharePoint site](#).

