



Internal Audit Investigation Team Annual Counter Fraud Report 2017/18

DRAFT

MISSION STATEMENT

Our aim is to provide a high quality service to existing and potential clients and to attain wide recognition as a lead provider of investigative services, based on achieving a high standard of professionalism and expertise in service delivery

1. Introduction

- 1.1. The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Internal Audit, Corporate Fraud, Investigation Team supports this by providing a specialist independent function that is able to investigate all referrals to an appropriate outcome.
- 1.2. The Council Corporate Fraud, Investigation Team offers support, advice and assistance on all matters of fraud risks including prevention, detection, money laundering, other criminal activity, deterrent measures, and policies and procedures. A cohesive approach is taken to reflect best practice, support corporate priorities and the Council in its statutory obligation under section 151 of the Local Government Act 1972. This is to ensure protection of public funds and to have an effective system of prevention and detection of fraud and corruption. Furthermore, it supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity, such as money laundering activity.
- 1.3. Investigation Team members are professionally qualified counter fraud officer's, accredited with Portsmouth University and conduct criminal investigations, dealing with sanctions and financial recovery where appropriate as well as dealing with civil investigations and employee misconduct.
- 1.4. The Audit Committee's terms of reference include the responsibility to "review the assessment of fraud risks and potential harm to the council from fraud and corruption" and "To monitor the Counter-fraud strategy, actions and resources". This is discharged by consideration of an annual report on counter fraud.
- 1.5. This report reviews the issues and developments within counter fraud in Cardiff Council over the last year.

2. Establishment

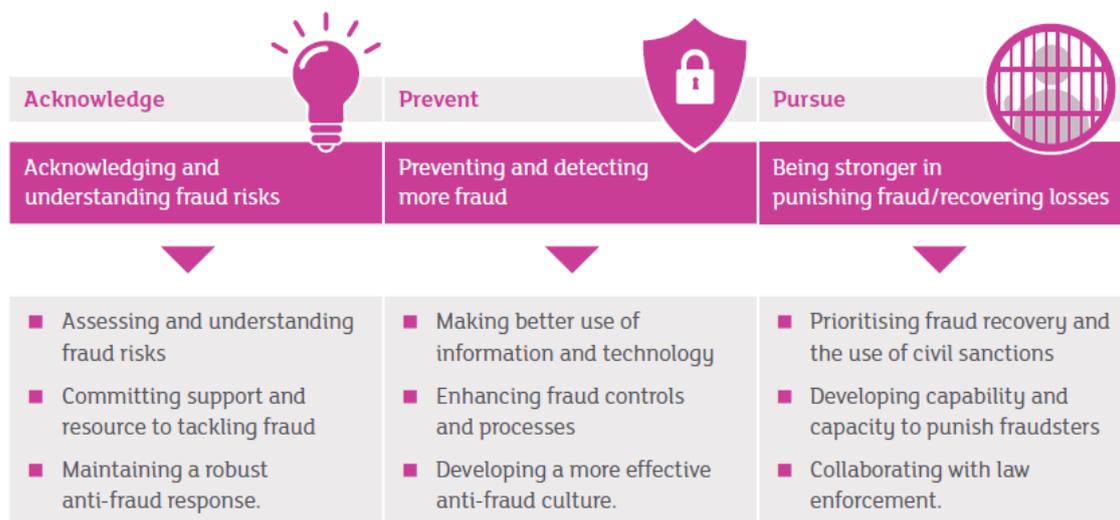
- 2.1. Staff turnover remains low, the last person to leave the team retired during 2014 following a team restructure. Unfortunately, an investigator left the Council during November and following a successful recruitment exercise they were replaced by an experienced Immigration Crime Investigator in February 2018.

Corporate Fraud, Investigation Team establishment as at 31st March <i>(Full time equivalents)</i>	2016/17	2017/18
Professional Accredited Counter Fraud Manager / Certified Counter Fraud Specialist	1	1
Accredited Counter Fraud Specialist	1	1
Counter Fraud Technician	0	.5

- 2.2. The Investigation Assistant successfully completed the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Technician course during the year and the University of Portsmouth's, Counter Fraud Professional Accreditation Board agreed the award of Counter Fraud Technician at their meeting during March 2018.

3. Developments

3.1. The CIPFA Counter Fraud Centre leads and coordinates the fight against fraud and corruption across local and central government, the health, education and charity sectors. The Centre drafted and published the Fighting Fraud and Corruption Locally Strategy 2016/19. The strategy has been produced for English local authorities and sets out ways in which local authorities can further develop and enhance their counter fraud response. Three of the themes are:



3.2. An executive summary was presented to the Audit Committee on the 19th September 2016 and the strategy has been adopted by the Investigation Team.

3.3. The Cabinet Office has been working on the Government Counter Fraud Profession (GCFP) which will be the core professional anchor for counter fraud specialists. It aims to represent and develop the counter fraud community as they protect public services and fight economic crime. It will not only offer a route to formalise careers in counter fraud, but also give recognition and credibility to those specialists with skill sets that until now have not been acknowledged. By ensuring that organisations across the public sector know how to effectively tackle fraud, the GCFP puts the UK in a much stronger position to deal with the challenges presented of fraud, bribery and corruption. The standards and competencies detail the knowledge, skills and experience expected of those working in a variety of counter fraud roles (similar to, for example, the Professional Standards used by accountants and project managers).

3.4. During the year the Group Auditor (Investigations) was invited to participate in a CIPFA working group, looking at the Cabinet Office Counter Fraud Profession standards and competencies with the aim of producing comparable standards for local authorities.

3.5. The Fraud, Bribery and Corruption Policy has been reviewed and an updated Policy presented to Audit Committee on the 27th March 2018, prior to being presented to Cabinet. A Counter Fraud Tool Kit and Fraud Response Plan were also presented to the Audit Committee.

3.6. The Counter Fraud Tool Kit has been produced and published and helps staff to better deal with suspicions of fraud, bribery, corruption, should concerns arise.

- 3.7. The Fraud Response Plan has been published and acts as a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety.
- 3.8. The Investigation team participates in the Wales Fraud Officers Group, which has been established to share intelligence, best practice and discuss fraud trends.
- 3.9. Following an inspection of Cardiff Council, the Chief Surveillance Commissioner recommended that the Council publish an online investigation Policy. The Group Auditor (Investigations) was commissioned to draft a policy and ancillary documents, which have been forwarded to Governance and Legal Services for consideration.
- 3.10. Utilising expertise gained administering the National Fraud Initiative since 1996, the Group Auditor (Investigations) worked with the Wales Audit Office, Cabinet Office and Rent Smart Wales in order to undertake a pilot data matching exercise. The output has been shared with Rent Smart Wales and results will start to be published in 2018.

4. Counter Fraud Activity

- 4.1. The work of the Investigation Team has involved Proactive Work, preventing, detecting and investigating fraud and irregularities, working with the Wales Audit Office and Cabinet Office undertaking data matching exercises in order to identify potential frauds and irregularities, other local authorities sharing intelligence and best practice, reviewing and updating policies, procedures and processes, publishing guidance documents, providing specialist advice, guidance and support and developing and delivering training for investigating officer's and disciplinary investigation note takers. Reactive Work includes the investigation of reports of fraud, corruption and financial irregularities.
- 4.2. Members of the Investigation Team are professionally trained and have a wealth of experience conducting criminal and civil investigations. In addition to providing advice and guidance, two schools have this year engaged the Investigation Team to conduct independent disciplinary investigations.
- 4.3. The Investigation Team continues to support South Wales Police in respect of an ongoing investigation which has been subject to online media reporting.
- 4.4. During the year the team has started to record when specialist advice has been sought from within the Council. Advice was given on forty six occasions, each time, advice was provided the same day that it was requested and requests originated from a number of different teams, covering topics such as: data matching, criminal offences, disciplinary investigations, gathering evidence, preliminary assessments, theft and use of CCTV.
- 4.5. On behalf of the Councils Academy, the Investigation Team continues to be develop and deliver the mandatory Disciplinary Investigating Officer training, to date, all participants have completed feedback forms, 100% have been satisfied and complimentary comments have also been received:

Investigating Officer training	2016/17	2017/18
Number of attendees	219	78
% very satisfied	79%	92%
% satisfied	21%	8%

- 4.6. Following demand from the Investigating Officer training attendees, it was identified that there was a need for disciplinary investigation, note taker training. This has been developed by the Investigation Team and delivery commenced in 2017.

Note taker training	2017/18
Number of attendees	31
% very satisfied	81%
% satisfied	12%

- 4.7. The majority of referrals continue to be generated in respect of Council Tax Liability issues, predominantly when a discount or exemption has been granted and eligibility is questioned. These may be received from the council tax team, members of the public or data matching:

Referrals received	2016/17	2017/18
Ad hoc	36	21
Blue Badge	2	2
Council Tax Liability	78	85
Council Tax Reduction	13	9
Tenancy	27	11

- 4.8. Blue Badge – these referrals could relate to issues identified by Civil Parking Enforcement Officers, for example, counterfeit badges, badges misused or badges used by non-badge holders. Additionally, referrals have been received from members of the public who have become frustrated by individuals displaying a blue badge and parking in restricted bays when the driver is travelling alone, appears to be going to work and does not have an obvious physical disability. As with all referrals, the alleged issue requires sensitive and proportionate investigation.

- 4.9. During the year, five cases were referred to the Police.

- 4.10. One hundred and fifty one investigations were concluded during the year:

Investigations concluded	2016/17	2017/18
Ad hoc	25	30
Blue Badge	3	2
Council Tax Liability	83	94
Council Tax Reduction	10	9
Tenancy	21	16

- 4.11. Adhoc investigations relate to all referrals in respect of areas not referred to above and are split into two categories “**employee misconduct**” and “**other referrals**”.

4.12. Eighteen employee misconduct investigations were completed, one more than 2016, with a value of £26,000. The allegations included misuse of time, misrepresentation of hours worked, personal use of a council vehicle, failure to safeguard vehicles, loss of cash:

Employee - outcome	2017/18
Corrective action	3
Dismissal	2
Resignation	1
Written warning	3
Nothing untoward found	9
Value	£26,000

4.13. There were twelve referrals classified as other, these include school investigations and fraud committed against the Council, with allegations including, pension fraud, falsification of certificates, using deceased persons bus pass, theft and identity fraud with a total value of £69,000.

4.14. Two Blue badge investigations were concluded, both related to the badge holder allowing another person to use their blue badge, both badges were initially confiscated, one has been returned with a written warning.

4.15. Ninety four Council Tax Liability investigations were completed, with a total value of £58,000

Council Tax Liability	2016/17	2017/18
Investigations concluded	83	94
Cautioned	1	5
Prosecuted	1	0
Value	£60,000	£58,000

4.16. Nine Council Tax Reduction investigations were concluded with a value of £16,000 compared to ten in 2016 with a value of £2,000.

4.17. Sixteen tenancy investigations were completed, two properties were recovered and one tenant was prosecuted.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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