



# Audit Investigation Team Annual Report 2018/19

Cardiff Council

## MISSION STATEMENT

To be recognised as a leading provider of audit and investigative services,  
based on achieving a high standard of professionalism and expertise in service delivery



Gweithio dros Gaerdydd, gweithio gyda'n gilydd  
Working for Cardiff, working together

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## **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, Investigation Team supports this, as a specialist, independent function, that is able to investigate its referrals, to an appropriate outcome. This report reviews the issues and developments within counter fraud in Cardiff Council over the last year.
- 1.2. The 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. The Investigation Team has led the development of the Council's Counter-Fraud Strategy in the final months of 2018/19. Through the discussions held and decisions made to date, there is a strong corporate commitment to an organisational-wide awareness and training campaign to engage the whole workforce to retain and enhance resilience in fraud risk management. The strategy and the design and delivery of mandatory eLearning training will add to the proactive work of the Investigation Team, and reaffirm the responsibility of all of us to prevent, detect and report potential fraud.
- 1.4. The Investigation Team has been significantly involved in supporting a high profile Police investigation into alleged fraud within the Council and at the year-end, the Investigation Team continues to support South Wales Police. Whilst resources have been stretched, performance has been strong, with a high number of referral investigations completed and data matches completed for recovery, for which details are provided in the sections on our work and impact.
- 1.5. The Annual Report is written at a time when the Wales Audit Office has recently concluded its cross-sector study of the counter-fraud landscape in the Welsh public sector. The outcomes of this report are being considered, and any recommendations from a further review being undertaken by the Public Accounts Committee, will be fully considered when received.

## **2. Resources**

- 2.1. There has been a period of stability this year, with no changes to personnel. The team is comprised of 1.5 Fte, dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety.
- 2.2. Both members of the team 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 civil investigations, and cases of employee misconduct.
- 2.1. To support the high profile Police investigation this year, the Group Auditor (Investigations), has needed to spend a substantial proportion of their time available working in this area, however by the end of March 2019, the commitment had significantly reduced. To deliver the corporate

Strategy, and meet any significant reactive work in 2019/20, arrangements will be made to add to this resource, and seek the recruitment of an additional Investigator within the Team.

### 3. Work and Collaboration

3.1. The work of the Investigation Team has included proactive working to prevent, detect and investigate fraud and irregularities and engage with the Wales Audit Office and Cabinet Office in undertaking data matching exercises to identify and review potential frauds and irregularities. The Team has also worked with other local authorities to share intelligence and best practice, reviewed and updated relevant processes and guidance, provided specialist guidance and support, and continued to deliver training for investigating officer's and disciplinary investigation note takers.

3.2. This year, specialist advice has been provided on thirty occasions, compared to forty-six in 2017/18. Requests originated from a number of different teams, covering topics such as whistle blowing, investigation planning, interview preparation, phishing / spam, missing cash, payment fraud, and evidence gathering.

3.3. On behalf of the Council's Academy, the Investigation Team has continued to develop and deliver the mandatory Disciplinary Investigating Officer training for which performance is recorded in the following table.

Investigating Officer training	2016/17	2017/18	2018/19
Number of attendees	219	78	<b>75</b>
Number of sessions	27	11	<b>9</b>
% satisfied	100%	100%	<b>100%</b>

3.4. Disciplinary investigation note taker training has also continued to be delivered by the Investigation Team through 2018, for which performance is recorded in the following table.

Note taker training	2017/18	2018/19
Number of attendees	31	<b>24</b>
Number of sessions	4	<b>3</b>
% satisfied	100%	<b>100%</b>

3.5. The aim of the training summarised above has been to ensure that all Disciplinary Policy Investigations are conducted consistently and to a high standard. The positive feedback continues to provide confidence that offers feel well trained to deliver their roles.

3.6. Reactive work takes up the majority of the time of the Investigation Team and relates to referrals from various sources, including, members of the public, Council employees and well as anonymous referrals.

3.7. The work of the Investigation Team comprises the following primary elements

Intelligence	Reviewing and risk assessing allegations of impropriety, utilising access to Council systems and outside data sources, including credit reference agencies.
Social Housing Investigations	Dealing with allegations of tenancy fraud, including subletting / abandonment and Right to Buy applications.
Corporate Investigations	Dealing with internal matters relating to staff (fraud, bribery, corruption, financial impropriety), misuse of council services/ assets. Part of the work of the team is to assist in improving systems and controls compromised by abuse and to assist the Audit function, in the identification of areas of identified risk. There is also a commitment to develop training and awareness within the Council.
Blue Badge Investigations	Dealing with allegations of fraudulent misuse of the scheme, within Cardiff.
National Fraud Initiative (NFI)	In addition to investigating referred cases, the team also undertakes various proactive exercises including, a biannual proactive data matching exercise run by the Cabinet Office / Wales Audit Office, in which each local authority participates.

3.8. One hundred and ninety referrals were received in 2018/19, compared to one hundred and twenty eight the previous year. The majority of reactive and proactive referrals continue to be generated in respect of Council Tax Liability issues. Council tax fraud could be when a person claims to live in a single adult household when more than one adult lives there, or they might claim to be a student when they are not. Referrals may be received from the Council Tax Team, members of the public or via data matching, of which one hundred and sixty one investigations were concluded during the year, compared to one hundred and fifty one last year:

Referrals	2016/17		2017/18		2018/19	
	Received	Concluded	Received	Concluded	Received	Concluded
Ad hoc	36	25	21	30	<b>50</b>	<b>26</b>
Blue Badge	2	3	2	2	<b>2</b>	<b>3</b>
Council Tax Liability	78	83	85	94	<b>122</b>	<b>117</b>
Council Tax Reduction	13	10	9	9	<b>9</b>	<b>8</b>
Tenancy	27	21	11	16	<b>7</b>	<b>7</b>
Number of Referrals	156	142	128	151	<b>190</b>	<b>161</b>

3.9. Ad hoc investigations could relate to any other area of fraud, and it is split into two categories “**employee misconduct**” and “**other referrals**”. Twenty-five of the Twenty-six ad hoc investigations concluded related to employee misconduct. The allegations included misuse of resources, failure to declare business interests, abuse of position, and theft.

3.10. Three blue badge investigations were concluded, these related to using someone else’s badge (2) and no eligibility (1).

- 3.11. One hundred and seventeen Council Tax Liability investigations were completed, compared to ninety-four last year. Proactive work has continued in this area, reviewing the annual, NFI Council Tax to Electoral Register data matches, which are released each December. These matches identify Council Tax accounts (single adult households) receiving a single person discount where the Electoral Register identifies that there is more than one adult at the property. Between December 2017 and December 2018, two thousand, three hundred and twenty seven matches were reviewed to determine if a formal investigation was necessary or if the discount was received in error.
- 3.12. Eight Council Tax Reduction investigations were concluded, compared to nine last year. Council Tax Reduction is classed as a local benefit; however, recipients may also be in receipt of a national benefit, for example, Universal Credit, Housing Benefit, Pension / Tax Credits. In these cases, fraud referrals are sent to the DWP to investigate.
- 3.13. Seven tenancy investigations were completed, compared to sixteen last year.
- 3.14. The Investigation Team actively collaborates in available groups and forums in order to continue to understand fraud risks, trends and best practice approaches to prevent and detect fraud.

Groups & forums attended (2018/19)	<b>Wales Fraud Officers Group</b> - the Group Auditor (Investigations) attends meetings quarterly, where networking takes place and best practice and proactive initiatives are shared.
	<b>Welsh Chief Auditor's Group</b> - The Audit Manager attends these meetings, where strategic and operational fraud matters are discussed.
	<b>National Anti-Fraud Network (NAFN)</b> - Cardiff Council is a member of the. NAFN, which acts as a hub for the collection, collation and circulation of intelligence alerts. NAFN is recognised as an expert provider of data services by the Interception of Communications Commissioner's Office, the Home Office, the DWP and the DVLA amongst others.
	<b>Wales Fraud Forum &amp; Wales Audit Office Good Practice Exchange</b> – Lead counter-fraud officers attend these events for best practice advice and insight.

#### 4. Impact

- 4.1. The employee misconduct investigations, which concluded, had a total value recovered of £6,200. As a result, one employee was dismissed, one received a final written warning, one received corrective action, and a number of management recommendations were made, in order to improve systems and controls.
- 4.2. Three blue badge investigations were concluded, these related to using someone else's badge (2) and no eligibility (1). One blue badge was confiscated by the Civil Enforcement Officer.

4.3. Council Tax Liability investigations concluded during the year identified £63,500 of under charged liability, due to be recovered.

Council Tax Liability	2016/17	2017/18	2018/19
Investigations concluded	83	94	117
Overpayment Identified	£60,000	£58,000	£63,500

4.4. The proactive work of the team (National Fraud Initiative, data matches) resulted in 542 Council Tax liabilities being amended and the Council Tax department issuing revised bills, increasing liabilities by **£243,905**.

4.5. Council Tax Reduction investigations resulted in overpayments of £11,909, to be recovered.

Council Tax Reduction	2016/17	2017/18	2018/19
Investigations concluded	10	9	8
Overpayment Identified	£2,000	£16,000	£11,909

4.6. In addition, seven tenancy investigations were completed, compared to sixteen last year. As a result, one individual was removed from the waiting list.

## 5. Fraud Measurement and Assurance

5.1. The draft Counter-Fraud and Corruption Strategy sets out the approach taken to measure the fraud risk with Cardiff Council, which is built upon national trends and intelligence and Council specific intelligence, which includes management and internal audit assurance, data matching and analysis through participation in the National Fraud Initiative Cabinet Office exercises, and disclosures in the public interest through the Council’s whistleblowing scheme.

5.2. The Investigation Team has reviewed the Council position in respect of counter-fraud through the use of two public sector checklists. Firstly, an assessment has been made against the CIPFA ‘Fighting Fraud and Corruption Locally (2016-2019) Strategy’. The strategy has been designed for English Local Authorities, for which it states that:

*“A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. It should aim to create a transparent process and report the results to the corporate management team and those charged with governance.”*

5.3. The checklist contains thirty-four points to consider, and the self-assessment results are included in **Annex 1**. The self-assessment has provided general comfort in the strength of the counter-fraud approach in the Council. It has also reinforced the importance of delivering the draft Counter-Fraud and Corruption Strategy in 2019/20, through which Council-wide training and awareness are cornerstones of the refreshed corporate counter-fraud response.

5.4. In 2017, the Government launched a set of twelve “functional standards” for counter fraud, detailing the main components government organisations should have in place to deal with fraud effectively. The functional standards for counter fraud were developed by a senior group of fraud experts in government. They were approved by the finance leaders group and were launched by the minister for the constitution in 2017. The standards apply to all government departments and their arms-length bodies.

- 5.5. The Investigation Team has reviewed the Council position against the twelve Functional Standards. The self-assessment results are included in **Annex 2**. The self-assessment provided general assurance that the Council has strong foundations in place to deal with fraud effectively.
- 5.6. In May 2018, CIPFA conducted its fourth annual Counter Fraud and Corruption Tracker survey, the aim being to create a national picture of the amount, and types of fraud carried out against local authorities. Data from this tracker has been referenced throughout the draft Counter-Fraud and Corruption Strategy in which the following CIPFA recommendations are being reinforced and targeted through the approach.
- Public sector organisations need to remain vigilant and determined in identifying and preventing fraud in their procurement processes. Our survey showed this to be one of the prime risk areas and practitioners believe this fraud to be widely underreported.
  - Effective practices on detecting and preventing adult social care fraud should be shared and adopted across the sector. Data matching is being used by some authorities with positive results.
  - All organisations should ensure that they have a strong counter-fraud leadership at the heart of the senior decision-making teams. Fraud teams and practitioners should be supported in presenting business cases to resource their work effectively.
  - Public sector organisations should continue to maximise opportunities to share data and to explore innovative use of data, including sharing with law enforcement.
  - The importance of the work of the fraud team should be built into both internal and external communication plans. Councils can improve their budget position and reputations by having a zero-tolerance approach.

## 6. Investigation Plan 2019/20

- 6.1. Looking forward to 2019/20, there are two hundred and seventy eight chargeable days available in the plan based on the current resources available, these have been split between reactive (208 days) and proactive (70 days) as summarised within the table below:

<b>Proactive (Planned Days)</b>	<b>70</b>
Fraud awareness / policy review / planning	20
National Fraud Initiative	15
Police liaison / intelligence sharing / working groups	5
Training development / delivery	30

<b>Reactive (Planned Days)</b>	<b>208</b>
Advice and guidance	11
Blue badge	1
Council tax liability	95
Council tax reduction	10
Employee misconduct (disciplinary investigations)	65
Non receipt of cheques / mandate fraud	1
Tenancy fraud	15
Unplanned (contingency)	10

**NB** – Audit Manager time is not included within the above apportionment. Additionally, in the event that an additional Investigator is successfully recruited to the team, the plan will be updated and provided to the Audit Committee for information.

## **7. Developments and Campaigns**

- 7.1. The Corporate Director Resources, Chris Lee, has taken on the role of Senior Responsible Officer in respect of the National Fraud Initiative. The Group Auditor (Investigations) remains the Key Contact.
- 7.2. The CIPFA Counter Fraud 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. An executive summary was presented to the Audit Committee on the 19<sup>th</sup> September 2016 and the strategy has been adopted by the Investigation Team.
- 7.3. A Cardiff Council, Counter-Fraud & Corruption Strategy has been produced and will be presented to Audit Committee during July 2019.
- 7.4. The Money Laundering Policy, referral form and referral guide will be reviewed / updated during quarter one, 2019 and a due diligence / know your customer procedure will be produced. The Policy and supporting guidance will be presented to Audit Committee in September 2019.
- 7.5. The Counter Fraud Tool Kit and Fraud Response Plan will be reviewed during quarter one, 2019 to ensure consistency with the strategy.
- 7.6. An eLearning fraud awareness module will be rolled out to all staff during quarter two, 2019, this will be backed up with face-to-face briefing sessions. ELearning and briefing sessions will also be available for schools and members.
- 7.7. A communications strategy will be formulated and an awareness campaign launched to raise awareness of fraud risks, during the International Fraud Awareness week (17<sup>th</sup> to 23<sup>rd</sup> November 2019).

**Fighting Fraud & Corruption Locally – Self-Assessment**

Checklist	Position	Action Required
<p><b>1</b> The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>The Investigation Team has adopted the Fighting Fraud and Corruption Locally Strategy 2016/19. A Counter Fraud Tool Kit and Fraud Response Plan have been produced and published; they introduce a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety. Both documents were presented to Audit Committee during March 2018</p> <p>The risk assessment within the Counter Fraud and Corruption Strategy is built upon the National analysis of fraud risks, whilst accounting for Council intelligence through management and audit control assurance, data matching exercises and whistleblowing intelligence.</p> <p>An Annual Fraud Plan is produced and taken to Audit Committee.</p>	<p>Twice a year, the Investigation Team to review directorate:</p> <ul style="list-style-type: none"> <li>• responses to their assurance statements on the prevention and detection of fraud, as part of the Council’s fraud risk assessment.</li> <li>• risks relating to fraud, bribery and corruption risks, to provide advice and guidance.</li> </ul>
<p><b>2</b> The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.</p>	<p>The protecting the public purse checklist was completed upon publication. The primary ongoing risk assessments are undertaken using the fighting fraud and corruption locally checklist, and the Government’s functional standards.</p> <p>The Investigation Team receives reviews alerts, publications and reports in respect of emerging fraud risks / trends, for example - National Fraud Intelligence Bureau, National Fraud Authority, National Anti-Fraud Network, CIPFA.</p>	

3	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and checklist.	An Investigation Team Annual Report is presented to the Audit Committee. The year-end reports has reference to the work of the team and the reference to Fighting Fraud and Corruption Locally annually.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Investigation Team Annual Report.
4	There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	<p>The Council's Fraud, Bribery and Corruption Policy was updated in 2018 and presented to the Audit Committee. It is referred to in the Annual Governance Statement and sets out the Council's approach to preventing fraud, bribery and corruption, and managing suspected cases.</p> <p>A Counter Fraud and Corruption Strategy has been produced and is expected to be published in July</p>	Awareness campaign for the launch of the Counter Fraud and Corruption Strategy and introduction of roll out of mandatory eLearning in July 2019.
5	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	<p>The Council has a number of policies and strategies already in place to promote and ensure probity and propriety in the conduct of its business.</p> <p>The Audit Committee consider the Annual Governance Statement and its disclosures on an annual basis.</p>	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.
6	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	<p>The risk of fraud, bribery and corruption has been recorded in the Council's Corporate Risk Register.</p> <p>Fraud risk management is also reviewed as part of the Senior Management Assurance Statement disclosures, completed twice a year.</p>	

7	Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	<p>The Investigation Team is engaged when a relevant policy is identified, for example the new Disciplinary policy, supplementary guides and training module / delivery.</p> <p>The Internal Audit Team is consulted on policies relating to core financial systems and controls. Audit Management also meet with each Director through the relationship management role and agree the level of consultancy services, relevant to new Council / Directorate initiatives.</p>	
8	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	A Fraud Publicity Policy is in place through which suitable cases are reported to the Council's media team for communication.	
9	The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	<p>The Council's approach to counter-fraud includes a number of proactive and responsive elements, as outlined in Section 7 of the Counter-Fraud and Corruption Strategy.</p> <p>Internal Auditors are alert to the risks of fraud with each audit carried out and work closely with counter fraud staff.</p> <p>The work of the Audit and Investigation Teams and their findings and outcomes are reported to the Audit Committee in each meeting (five times a year).</p>	
10	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:	<p>The range of Counter Fraud Policies are outlined in the Counter Fraud and Corruption Strategy as:</p> <ul style="list-style-type: none"> <li>• Fraud Response Plan</li> <li>• Counter-Fraud Toolkit</li> <li>• Fraud Bribery and Corruption Policy</li> <li>• Money Laundering Policy and Procedure</li> </ul>	

	<ul style="list-style-type: none"> <li>– codes of conduct including behaviour for counter fraud, anti-bribery and corruption</li> <li>– register of interests</li> <li>– register of gifts and hospitality.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Strategy and Policy</li> <li>• Whistleblowing Policy</li> <li>• Gifts and Hospitality Policy and Register</li> <li>• Personal Interests and Secondary Employment Policy</li> <li>• Codes of Conduct</li> <li>• Financial Procedure Rules</li> <li>• Contract Standing Orders and Procurement Rules</li> <li>• Prosecution Policy</li> <li>• Disciplinary Policy</li> <li>• ICT Security Policy</li> <li>• Fraud Publicity Policy.</li> </ul>	
11	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.	Candidates that are selected for interview are required to provide two forms of identity. Referees provided by the applicant are contacted by the Council. Evidence of the right to work in the UK via a British passport is required or other relevant documentation. Successful applicants are required to provide a National Insurance number.	<i>An Internal Audit of Recruitment is planned for 2019/20.</i>
12	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	<p>The Council has a gifts and hospitality policy in place, and the process is subject to periodic Internal Audit review. An ongoing audit of gifts and hospitality is concluding and will be reported to Audit Committee.</p> <p>The Council also has a policy on personal interests and secondary employment, which is subject to periodic Internal Audit review. An audit of this area has commenced and will be reported to Audit Committee.</p>	

13	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	There is an annual fraud plan, suitable policies are in place, Investigating Officer training is provided and there is a requirement for all suspicions of fraud or impropriety to be reported to Internal Audit. Expert advice, guidance and assistance is provided.	<i>Managed through actions included against statement 4 and 5.</i>
14	There is an independent whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	The Whistleblowing Policy provides for annual review by the Standards & Ethics Committee. It is available on the intranet and internet.	
15	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	Contractors and other third parties are able to raise any concerns, which relate to potential wrongdoing within the Council under the Council's Whistleblowing Policy. The requirement for contractors to have their own suitable whistleblowing arrangements in place is included as a contract term in relevant contracts.	
16	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	A Counter-Fraud Response Plan is included within the Counter-Fraud and Corruption Strategy. The Investigations Team would struggle to deal with a serious, complex investigation whilst delivering planned counter-fraud activities, with the current resources available.	
17	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's	The Counter Fraud and Response Plan takes into account the national fraud risk intelligence, as well as local control assurances, and the identified risk levels through national fraud initiative participation.	

	business and includes activities undertaken by contractors and third parties  or voluntary sector activities.	The targeted Counter-Fraud work led by the Investigation Team is supported by the work of the Internal Audit Team, which considers the controls in respect of all of the local authority's business.	
18	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Fraud statistics are reported to the Section 151 Officer and Audit Committee.	
19	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	The Constitution (Financial Procedure Rules) gives Internal Auditors access to premises, assets, records, documents, correspondence and control systems.  Fraud officers have been provided unfettered access to premises and documents for the purposes of counter fraud investigations.	
20	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.	All suitable cases are publicised via the communications team. Periodical media campaigns are undertaken, for example, NFI	<i>Managed through actions included against statement 4 and 5.</i>
21	All allegations of fraud and corruption are risk assessed.	A fraud referral process flow is followed and triage system is used prior to allocating the case to an investigator. The Investigations Assistant can progress civil cases, overseen by the Group Auditor (Investigations), who will deal with the criminal fraud allegations received.	
22	The fraud and corruption response plan covers all areas of counter fraud work:	The Fraud Plan, Fraud, Bribery and Corruption Policy, Fraud response plan and Prosecution Policy cover all areas of counter fraud work.	

	<ul style="list-style-type: none"> <li>• prevention</li> <li>• detection</li> <li>• investigation</li> <li>• sanctions</li> <li>• redress</li> </ul>		
23	The fraud response plan is linked to the audit plan and is communicated to senior management and members.	<p>The Internal Audit Plan is reported to SMT and approved by the Audit Committee. The Audit Plan is risk based and the outcomes of both the Internal Audit and Investigation Teams inform the respective plans of work.</p> <p>The Counter-Fraud Response Plan is included in the Counter-Fraud and Corruption Strategy.</p>	
24	Asset recovery and civil recovery is considered in all cases.	The Prosecution Policy covers the considerations made to determine the appropriate sanctions and recovery approach.	
25	There is a zero tolerance approach to fraud and corruption which is always reported to committee.	The Fraud, Bribery and Corruption Policy sets out the zero tolerance approach, reinforced through the higher-level strategy, training and communication campaign. All fraud related policies are reported to the Audit Committee, as is the counter-fraud approach applied, and the value and nature of detected fraud.	
26	There is a programme of proactive counter fraud work which covers risks identified in assessment.	<p>The Counter-Fraud and Corruption Strategy and the underlying policy framework outlines the work to.</p> <ul style="list-style-type: none"> <li>• Develop and maintain a counter-fraud culture to increase resilience to fraud;</li> <li>• Prevent fraud, through the implementation of appropriate and robust internal controls and security measures;</li> </ul>	

		<ul style="list-style-type: none"> <li>• Using techniques such as data matching to validate data and identify anomalies;</li> <li>• Deterring fraud attempts by publicising the organisation’s anti-fraud and corruption stance and the actions it takes against fraudsters.</li> </ul>	
27	The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	<p>Collaboration opportunities are sought and new ways of working considered.</p> <p>Networking is undertaken with the Core Cities, the Welsh Chief Auditors Group, Welsh Investigators Group.</p> <p>The team attends the Wales Audit Office Good Practice Exchange and the Wales Fraud Forum.</p>	
28	The local authority shares data across its own departments and between other enforcement agencies.	The Investigation Team participates in National Fraud Initiative data matching exercises, and liaises with council departments to ensure matches are investigated. The team also liaises with the local Police intelligence unit as necessary.	
29	Prevention measures and projects are undertaken using data analytics where possible.	The Investigation Team has recommended wider use of data matching intelligence at the point of processing Council applications, to increase prevention of potential fraud. Audits of Recruitment and Housing Benefits will review the use of such data analytics for fraud prevention.	The use of data matching intelligence at the point of processing Council applications, will be tested and advocated through the Internal Audit regime.

30	The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.	The Council participates in the National Fraud Initiative (NFI) and the work of Cardiff Council and its outcomes have been reported in a number of NFI case studies over time.	
31	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	The Investigation Team is managed by a Professional Accredited Counter Fraud Manager. The Investigation Assistant is an Accredited Counter Fraud Technician. Any investigation support work from Internal Audit officers is appropriately supervised.	
32	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	All members of Internal Audit are suitably experienced and have adequate knowledge of all areas of the Council.	
33	The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for:  – surveillance  – computer forensics  – asset recovery	The Group Auditor is trained to conduct surveillance. Existing ICT staff are trained to conduct computer forensics, and Legal Officers have been able to assist with activities related to the Proceeds of Crime Act 2002. Any further requirements would be procured as necessary.	

	- financial investigations		
34	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.	Counter Fraud staff work closely with Auditors to ensure that controls are enhanced as appropriate and future audits incorporate risks identified by investigators.	In instances of proven fraud and corruption, a post fraud review will be prepared once all associated civil and legal activities have concluded, for reporting to SMT and the Audit Committee, for lessons to be learned.

## Functional Standards – Self-Assessment

*The Functional Standard sets out the basics that public bodies should have in place to find and fight fraud. All public bodies should understand and seek to meet the standard.*

#	Functional standards	Position	Action Required
1	Have an accountable individual at Board level who is responsible for counter fraud, bribery and corruption	The Section 151 Officer as a member of the Senior Management Team is responsible for the prudent management of the Council's financial affairs and oversees the counter fraud, bribery and corruption response led by the Internal Audit Investigation Team and overseen by the Audit Manager.	
2	Have a counter fraud, bribery and corruption strategy that is submitted to the centre	Counter Fraud Bribery and Corruption Strategy prepared for consideration by the Audit Committee and approval by Cabinet.	
3	Have a fraud, bribery and corruption risk assessment that is submitted to the centre	A corporate risk on Fraud, Bribery and Corruption is reviewed by the Senior Management Team and Audit Committee quarterly and reported to Cabinet twice a year.	
4	Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption	There is a robust counter-fraud policy framework in place, as summarised in the Counter-Fraud and Corruption Strategy.	
5	Have an annual action plan that summarises key actions to improve capability, activity and resilience in that year	Counter-Fraud Response Plan sets out the key actions and activities, and their frequency. The Corporate Risk register also includes the mitigations in place and planned to develop and maintain counter fraud resilience.	

6	Have outcome-based metrics summarising what outcomes they are seeking to achieve that year. For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact	The values of detected fraud and the nature of the fraud detected is included in the five Investigation Team progress reports to Audit Committee. Progress is also visible against the targeted actions within the corporate risk register.	
7	Have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations	Comprehensive reporting mechanisms are in place and well documented on the Council's website and within the Counter-Fraud and Corruption Strategy.	
8	Will report identified loss from fraud , bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions	Identified loss from fraud recorded and reported to Audit Committee. Recovery rates are reported as performance information across the Council. Any significant fraud cases reported in detail to the Audit Committee and Senior Management, and fraud information is being reported to SMT for which the level of detail is planned to expand.	The level of fraud information reported to SMT to expand.  The Investigation Team will await any Wales Audit Office recommendations from their ongoing reviews of Counter-Fraud, and respond accordingly.
9	Have agreed access to trained investigators that meet the agreed public sector skill standard	The Investigation Team is small, but contains a well trained and experienced investigations manager (Group Auditor – Investigations) and investigations assistant.	

10	Undertake activity to try and detect fraud in high risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable	<p>Management are responsible for reviewing fraud risks and maintaining appropriate controls. Internal audit staff, test controls focussing on high risk areas.</p> <p>The Investigation Team co-ordinate and lead participation in NFI data matching to detect potential fraud in many high risk areas.</p>	
11	Ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role	Fraud awareness eLearning training is to be mandatory for all Council staff. Audit Committee Members are due to receive focussed counter-fraud training.	
12	Have policies and registers for gifts and hospitality and conflicts of interest	In place.	

## Investigation Team Action Plan 2019/20

Annex 3

Action	Target
<p>1. Twice a year, the Investigation Team to review directorate:</p> <ul style="list-style-type: none"> <li>• responses to their assurance statements on the prevention and detection of fraud</li> <li>• risks relating to fraud, bribery and corruption risks, to provide advice and guidance.</li> </ul>	Twice yearly
<p>2. A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Investigation Team Annual Report.</p>	Following each financial year-end
<p>3. Awareness campaign for the launch of the Counter Fraud and Corruption Strategy and roll out of mandatory eLearning.</p>	July 2019
<p>4. Participate in International Fraud Awareness Week in November each year, working with the Council’s Communications Team.</p>	November 2019
<p>5. The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.</p>	Ongoing
<p>6. In instances of proven fraud and corruption, a post fraud review will be prepared once all associated civil and legal activities have concluded, for reporting to SMT and the Audit Committee, for lessons to be learned</p>	Ongoing
<p>7. The level of fraud information reported to SMT to expand.</p>	From Q2 2019
<p>8. The Investigation Team will await any Wales Audit Office recommendations from their ongoing reviews of Counter-Fraud, and respond accordingly.</p>	July 2019