

**AUDIT COMMITTEE: 8 September 2020**

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**‘RAISING OUR GAME’ TACKLING FRAUD IN WALES  
REPORT OF THE AUDITOR GENERAL FOR WALES**

**REPORT OF THE CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 5.2**

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**Reason for this Report**

1. The Audit Committee’s Terms of Reference requires that Members:
  - monitor the Counter-fraud strategy, actions and resources;
  - review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
2. This report has been prepared to provide Audit Committee Members with an overview of the findings of a national report of the Auditor General for Wales, together with information on the finding most pertinent to Cardiff Council.

**Background**

3. As reported to Audit Committee in September 2019, the Auditor General for Wales published a report in June 2019, titled ‘Counter-Fraud Arrangements in the Welsh Public Sector’, the report gave an overview of the scale of fraud in the Welsh public sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. The report was followed by a one-day conference organised by the Public Accounts Committee in July 2019.
4. This subsequent report of Auditor General for Wales, ‘Raising Our Game’ Tackling Fraud in Wales, was published in July 2020. This latest report was based on a more extensive programme of fieldwork, with the audit structured around seven key lines of enquiry to help answer the overall question: ‘Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?’ The audit fieldwork was carried out by local audit teams between November 2019 and February 2020, comprising structured interviews with key individuals in order to understand counter-fraud arrangements in place at each audited body, and via document review.

**Issues**

5. The foreword to the report refers to the scale of fraud in the Welsh public sector, as originally reported in the June 2019 publication, whereby the sums lost annually in Wales could be anywhere between £100 million and £1 billion, and the importance of appropriate

investment in counter-fraud arrangements and training is emphasised. The foreword notes the Welsh Government's positive response to the June 2019 publication, the one-day conference organised by the Public Accounts Committee in July 2019, and the Permanent Secretary's commitment to provide Wales-wide leadership in raising the profile of counter-fraud activity. The foreword concludes, with a recognition of the risk of fraud associated with the COVID-19 pandemic, and outlines the extended scope of the National Fraud Initiative (NFI) to help identify fraudulent COVID-19 support grant claims.

6. The report examined the following seven 'key themes' that it considered all public bodies need to focus on, in raising their game to tackle fraud more effectively:
  - leadership and culture;
  - risk management and control frameworks;
  - policies and training;
  - capacity and expertise;
  - tools and data;
  - collaboration; and
  - reporting and scrutiny
7. The national report is structured around each of the themes, and includes information about their importance, what was found during the audit, and what the Welsh public sector can do to improve. There are fifteen recommendations, which have been raised on a national basis. The report contains two appendices, represented by an outline of the audit methods, and the Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee.
8. Appended to this report in **Appendix A**, is a presentation from Audit Wales, who completed the fieldwork in respect of Cardiff Council, as part of the national study. As part of this agenda item, Audit Committee members will receive a verbal overview from Audit Wales of the scope and findings of the national study, as well as insight on the findings within the context of Cardiff Council.
9. For the information of the Audit Committee, **Appendix B** contains management commentary against each of the themes, and associated recommendations, and **Appendix C** contains the full publication.

### **Legal Implications**

10. There are no direct legal implications arising from this report.

### **Financial Implications**

11. There are no direct financial implications arising from this report.

### **RECOMMENDATIONS**

12. That the Committee notes and considers the content of the report.

**Christopher Lee**  
**Corporate Director Resources**

The following is attached:

**Appendix A:** Audit Wales Presentation

**Appendix B:** Management Commentary – Thematic findings and Recommendations

**Appendix C:** Counter-Fraud National Report: Raising our Game ‘Tackling Fraud in Wales’