



Resources Directorate Internal Audit Section



Investigation Team Progress Report

(as at 28 February 2021)

Resources & Activities



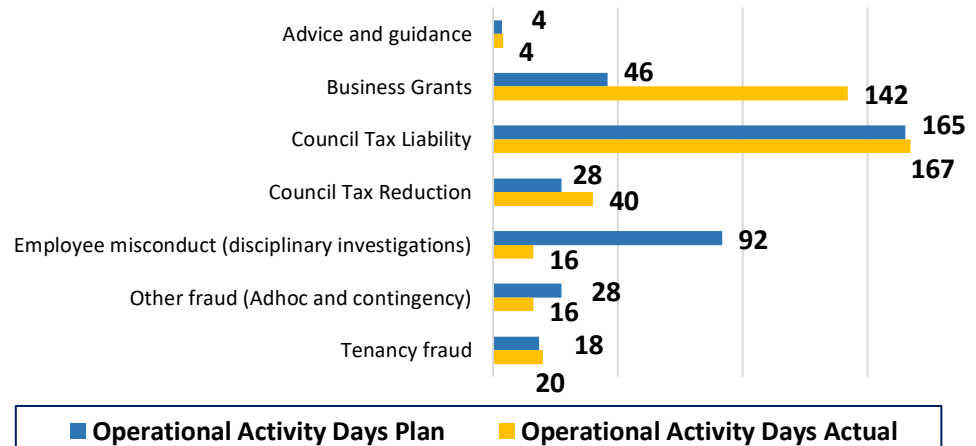
For the year as a whole there are four hundred and ninety four chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (414 days). Following a temporary increase in the hours of the Investigation Assistant of 6 hours per week, to further progress National Fraud Initiative work, their hours reverted back to normal (0.5 FTE) at the end of quarter three.

In the financial year to 28 February 2021, the team have applied 478 days as follows:

Strategic Activity Days



Operational Activity Days



Training

Mandatory Fraud Awareness training continues to be delivered, and as at the 28 February 2021, over four thousand eight hundred staff / school governors had completed the eLearning or attended a face-to-face session.

An Anti-Money Laundering (AML) eLearning module has been developed following Cabinet approval of the AML Policy on the 17 December 2020, after Audit Committee consideration on 17 November 2020. Senior Management Team discussed the eLearning in March 2021, which at a minimum is to be completed by:

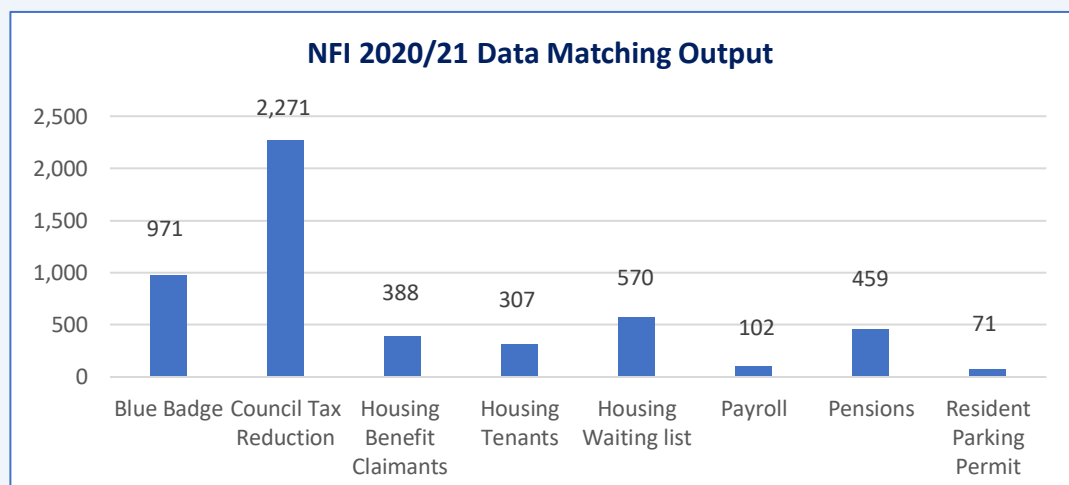
- All Staff who receive cash, monitor cash receipts or who manage staff in these areas;
- All solicitors;
- All Operational Managers*

**Having completed the training, Operational Managers are to use their knowledge to identify and direct any other relevant staff to complete the training.*

Biennial NFI Exercise

During January 2021, the Cabinet Office / Audit Wales released the matches in respect of the National Fraud Initiative (NFI) 2020/21 data matching exercise. This NFI exercise is carried out every two years and matches data across organisations and systems to help public bodies identify fraud and overpayments.

The Investigation Team manages the Council's participation in the NFI exercise, and disseminates output to relevant teams across the Council. The team also leads on a number of reviews, and provides advice, guidance, and support as necessary.



The National Fraud Initiative (NFI) is a UK-wide counter-fraud exercise. In Wales, the exercise is undertaken by the Auditor General for Wales under his statutory data-matching powers in Part 3A of the Public Audit (Wales) Act 2004.

Policies & Procedures

Authorisation and Protocol Requirements for Review of Work Activities

In January 2021, Audit Committee considered a draft 'Monitoring Employees at Work Policy', at a time that Trade Unions consultation was ongoing.

Trade Union consultations concluded at the end of February 2021 and Audit Committee was provided with the updated draft procedure, and details of the changes made since the Audit Committee meeting, which were as follows.

- The draft policy was renamed - ‘Authorisation and Protocol Requirements for Review of Work Activities’
- In respect of equality considerations, the procedure was updated to require that those tasked with administering the procedure have completed adequate equality / unconscious bias training to ensure fairness throughout the process.

On 4 February 2021, the IPCO inspected the Council, and reviewed a number of policies and procedures including this one in draft. The inspector commended the Council’s policies and guidance developed by the Council and did not propose amendments in respect of this area.

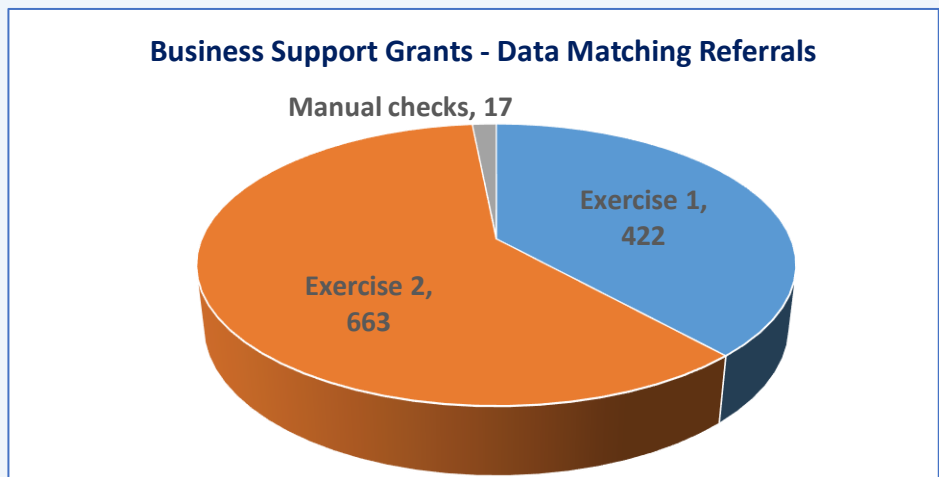
The ‘Authorisation and Protocol Requirements for Review of Work Activities’ is due to be considered by Cabinet for approval on 18 March 2021.

The Internal Audit and the Investigation Team continue to provide support and guidance to colleagues in respect of the numerous COVID-19 funds and grants that have been administered.

Audit Committee has been previously advised of the post-payment verification process used in respect of the business support grants, for which the application system opened and payments to eligible businesses commenced in March 2020. The application system for this scheme closed at the end of quarter 1 2020/21 and £68.9million of funding has been paid.

The outputs of two data analysis exercises in respect of above grant payments were released during June and July 2020, from which one thousand and eighty five matches were generated that required a review, and a further seventeen payments were identified for review as a result of manual checks made by the Audit and Investigation Teams:

**COVID-19
Support
Grants**



The position in respect of associated cases is as follows:

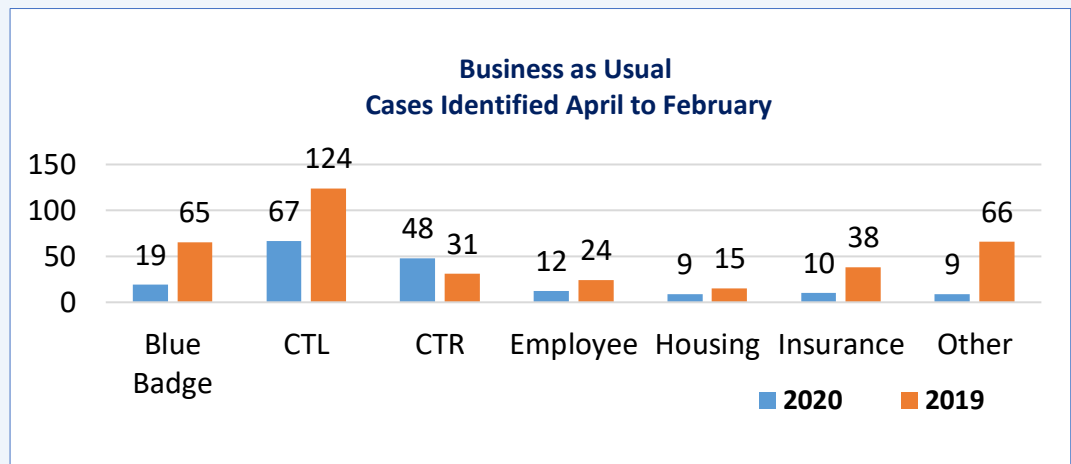
- 962 cases concluded
- 86 reviews ongoing
- 54 to be reviewed

A number of cases identified as part of the reviews related to examples of out-of-date information on the business rates system. Whilst this does not relate to fraud or error, officers are working through the list to update records. To date £525,000 has been identified as paid in error, and subject to recovery action. The review of fifty-four matches has not yet commenced.

The Investigation Team has worked with Audit Wales and the Cabinet Office to support the development of a further data matching exercise. This exercise via NFI will cover business support grants awarded after the initial data matching exercises and checks were made. Data was been collected from Local Authorities at the end of February 2021, and the next batch of matches is due shortly.

'General' Cases Identified for Investigation

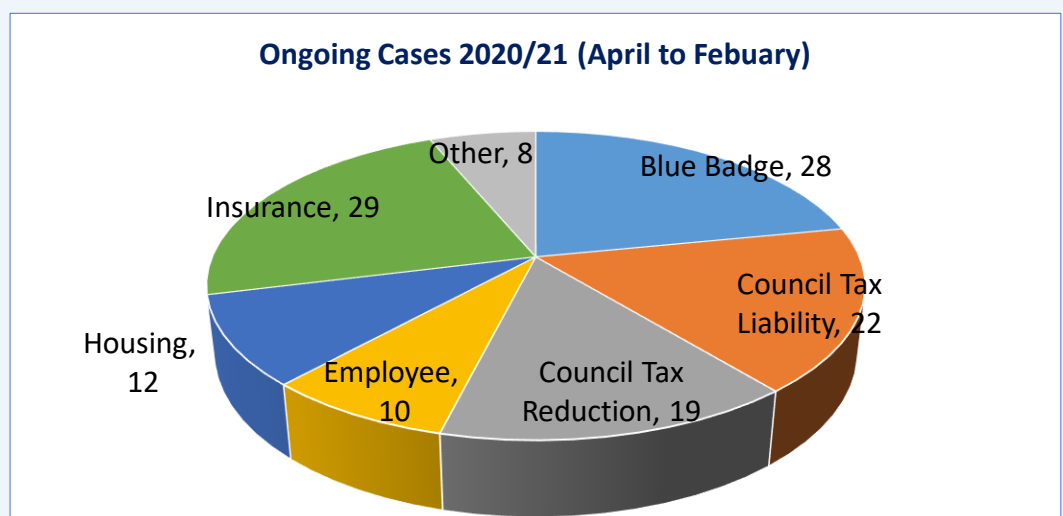
Excluding the stand alone Business Grants work, as detailed above, one hundred and seventy four cases have been identified for investigation so far this year, compared to three hundred and sixty three, for the same period last year:



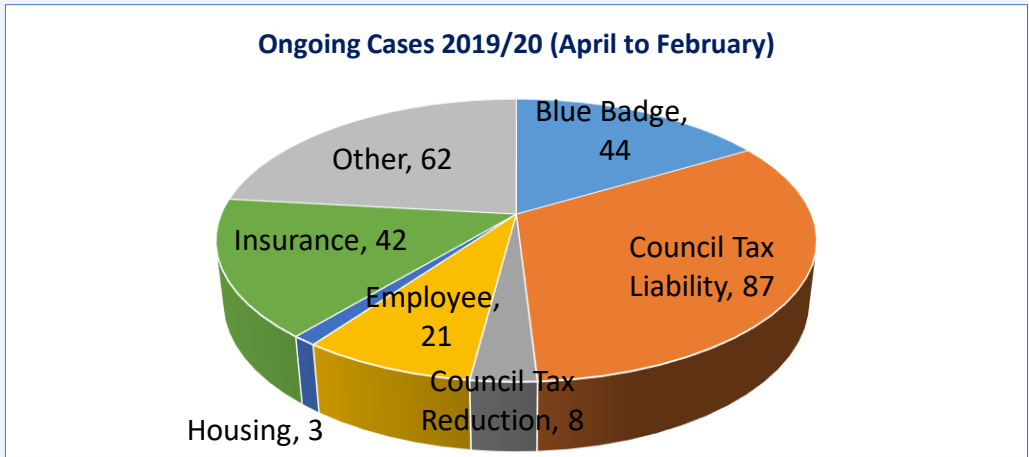
The cases designated as 'other' this year related to Council Tax Exemptions, Phishing, Planning and Special Education Needs.

'General' Ongoing Cases

Excluding the stand alone Business Grants work, there are currently one hundred and twenty eight investigations ongoing, compared to two hundred and sixty seven, for the same period last year:



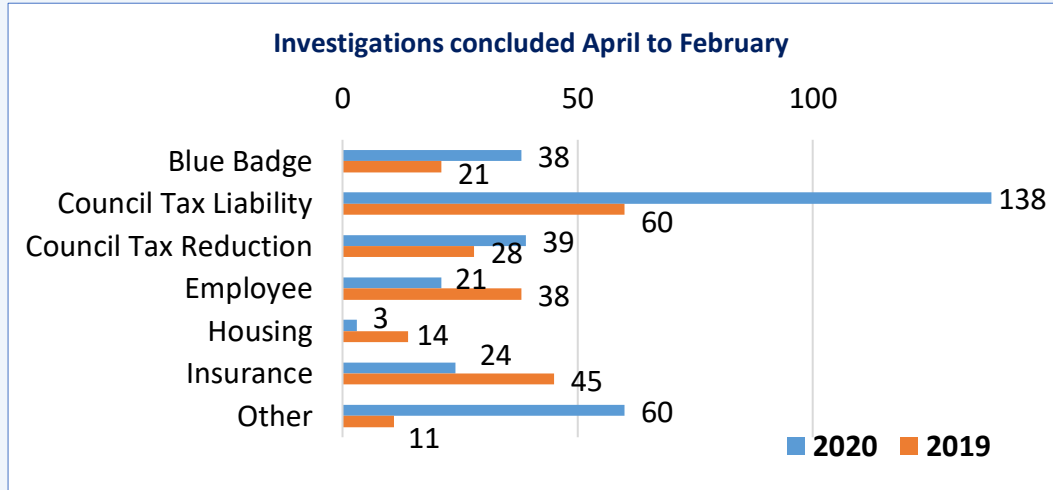
Ongoing Cases 2019/20 (April to February)



'General' Concluded Cases

Excluding the stand alone Business Grants work, as detailed separately, three hundred and twenty three investigations have been concluded so far this year, compared to two hundred and seventeen over the same period last year:

Investigations concluded April to February

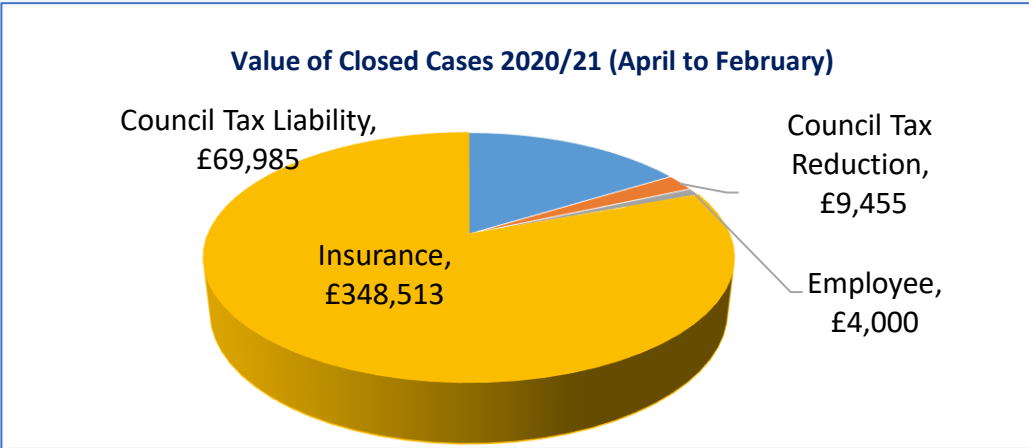


* 53 of the 'other' concluded matches this year related to Social Services, Personal Budget recipients; these were checked (by Social Services) & were in order.

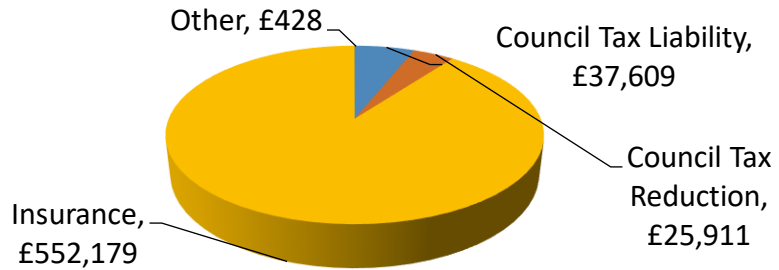
Financial Value

Excluding the stand alone Business Grants work, £431,953 has been attributed to concluded cases in the 2020/21 year to date, compared to £616,127 for the same period last year:

Value of Closed Cases 2020/21 (April to February)



Value of Closed Cases 2019/20 (April to February)



* Court imposed Blue Badge fines and costs, and any notional values are excluded from the above.

- Insurance cases relate to contrived, exaggerated, fictitious misrepresented and staged claims, reported via the insurance section.
- Council Tax Liability investigations typically relate to cases of false information provided to receive a discount, or a failure to declare the occupation of a second adult, when in receipt of a single person discount.
- Council Tax Reduction investigations typically relate to those on low income, in receipt of a discount, failing to declare their income properly.



On-street enforcement activity, overseen by Planning, Transport and Environment, resumed during quarter 3 and the Magistrates Court has continued to work through the backlog of cases.

Between April 2020 and the 28 February 2021, twenty-nine sanctions were administered, compared to twenty-one for the same period last year. The value of court imposed fines, costs and surcharge in the year to date is £11,981.

CIPFA Fraud & Corruption Tracker 2020

The CIPFA Fraud and Corruption Tracker 2020 (National Report) has been recently published and is available [CLICK HERE](#). It provides an estimate of the fraud volume and value across UK local authorities.

In November 2020, after each Directorate had completed an individual review against the Fraud and Corruption Tracker, SMT discussed and approved a collated position, which was submitted to CIPFA and is represented in the national report.

On 9 March 2021, SMT received and considered an overview of the CIPFA tracker 2020, for which the key reported results for UK local authorities in 2019/20 were:

- For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239.4m.
- The report shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20.
- The two highest perceived fraud risk areas for 2019/20 are again procurement and council tax Single Person Discount.
- This year, 32% of respondents stated their organisation had been a victim of a Distributed Denial-of-Service (DDOS)/hacking attack in the last 12 months, a 5% increase from the previous year.
- In 2019/20 – prior to the COVID-19 grant disbursement – grant fraud represented just 0.3% of the total identified instances of fraud in the UK's local government sector.
- Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.