Counter-Fraud
Annual Report 2020/21
Cardiff Council

FOR FURTHER INFORMATION, PLEASE CONTACT:
Chris Pyke
Audit Manager
County Hall, Atlantic Wharf
Cardiff,   CF10 4UW
CPyke@cardiff.gov.uk Tel: 029 2087 3455

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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.

1.2 This report provides a Council-wide appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy. Focus has been given to maintaining a combination of effective preventative and detective controls, and participating in a breadth of counter-fraud networks, forums, initiatives and activities, in order to continue to effectively tackle fraud.

1.3 This year, as the Council has responded to the global pandemic and updated its priorities, processes and systems as necessary, strong focus has been given to associated counter-fraud risk management. Specific work has been targeted and delivered to provide up front assurance on the mitigation of fraud risks associated with the pandemic, whilst 'business as usual' investigation activities and casework have continued.

1.4 Internal Audit and Counter-Fraud officers have provided consultation and guidance through active participation in multidisciplinary project teams, on the design of new systems and processes. Appropriate counter-fraud controls were integrated into systems that needed to be established quickly in response to the crisis, such as those through which emergency funds from Welsh Government were administered and distributed by the Council to individuals and businesses. Post payment verification checks were also established, for which further information is provided within this report.

1.5 Aligned to the Council's Counter-Fraud and Corruption Strategy, fraud awareness has continued to be a priority. Organisational-wide fraud awareness training and participation in the Fraud Awareness Week has continued to reaffirm the responsibility of all of us to be alert to the risk and prevent, detect, report potential fraud.

1.6 The portfolio Cabinet Member Cllr Chris Weaver, is actively engaged in the development of counter-fraud policies and strategy, and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud, as appended to this report.

1.7   The Council's Senior Management Team (SMT) have supported a strong counter-fraud culture. All Directorates participated in a fraud and corruption tracker exercise during the year, based on a model designed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This enabled a focussed verification and discussion on the volumes and values of fraud across the Council, and the pertinent areas of risk. The volumes and values of fraud are contained within this report.

1.8   The Corporate 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.

1.9   There have been some necessary adjustments to effectively progress investigations and meet government and corporate guidelines this year, such as conducting interviews by letter or phone. Details of the casework and outcomes are contained within the report within the section on 'Impact'.

2. Developments and Campaigns

2.1 There have been a number of developments and campaigns this year, designed to develop and maintain a strong counter-fraud culture across the organisation. These activities have centered on the publication and promotion of the Counter-Fraud and Corruption Strategy, which was approved by Cabinet in July 2019.

a. Training and Awareness

2.2 To embed key messages from the Counter-Fraud and Corruption Strategy, fraud awareness training has continued to be delivered. The training has now been received by over five thousand people (officers, headteachers and school governors) through a combination of eLearning for PC users, face-to-face training sessions for front-line staff, and targeted school briefings.

2.3 Between the 15-21 November 2020, the Council participated in International Fraud Awareness week. The internal campaign was supported by articles and guidance for all staff, including:
- The Council's mandatory 'Fraud Awareness' eLearning module
- Money Laundering
- Impersonation Fraud
- Fraud Risks
- How to seek help / advice

2.4 The articles were designed to continue to develop the alertness and maturity of all staff in key areas of risk by providing practical information, advice, supporting resources and relevant contact details for further assistance.

2.5 Responsibility for delivering Disciplinary Investigating Officer Training transferred to the Academy during April 2020. The aim of the Investigating Officer training is to ensure that Disciplinary Policy Investigations are conducted to a consistently high standard.

2.6 The transition was managed through close engagement between the lead officer in the Corporate Investigation Team and the training developer within the Academy. Due to COVID-19 restrictions, training has been delivered via Microsoft Teams. During 2020, sixty-four staff received training.

2.7 During Disciplinary Policy investigations where there is an allegation of financial impropriety or fraud, a member of the Corporate Investigation Team is allocated to each case with a view to support consistency and quality, through providing advice, guidance and support.

b. Fraud and Corruption – Measurement and Assurance

2.8 The Senior Management Team has continued to undertake an annual exercise to measure and assess fraud and corruption risks.

2.9 The assessment questions contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Fraud and Corruption Tracker were considered within each directorate management team and fraud and corruption volumes, values and risks were collated and considered within a Senior Management Team meeting.

2.10 The exercise was coordinated by the Audit Manager and Corporate Investigation Team colleagues through which risk registers were reflected on and the consolidated position was reported to CIPFA to support the intelligence contained within the national report.

2.11 Details of the exercise and the wider assessments used to provide a complete assessment of, and response to, fraud and corruption risk are contained within the section of this report on 'Fraud Measurement and Assurance'.

c. COVID – Counter-Fraud Risk Management

2.12 At the onset of the pandemic, through professional experience and engagement in professional networks, it was recognised that there would be an increased risk of opportunistic fraud. Prompt and coordinated attention was given across the Council to ensure that fraud risk exposures were known, appropriately managed and mitigated.

2.13 Senior audit and counter-fraud officers provided critical advice and support to management as the Council adapted services and established new systems in response to the pandemic. Notably:

- Internal Audit and Counter-Fraud officers worked within project teams to support the design of counter fraud controls in new systems and processes, which needed to be established quickly in response to the crisis.
- Post payment verification processes were completed following grant payments through a combination of manual checks and participation in data matching exercises.

2.14 Details of the above activities and outcomes are provided within the respective sections on 'Work and Collaboration' and 'Impact' within this report.

d. Policy Development and Review

2.15 As part of an ongoing review of the suite of counter-fraud policies and procedures, the following updates and approvals were made during the year:

Anti-Money Laundering Policy

2.16 During the year, a review was undertaken of the Council's existing Money Laundering Policy and Procedure, taking into account the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, which came into force on 10 January 2020.

2.17 A new Anti-Money Laundering Policy was developed, and after consideration by Audit Committee, was approved by Cabinet in December 2021. The policy enables the Council to meet the legal requirements in accordance with the Council's Risk Management Strategy and Policy, whilst ensuring that there are adequate safeguards and reporting arrangements in place to prevent the Council from being used by third parties for money laundering.

2.18 To supplement the policy, an Anti-Money Laundering eLearning training module was made available to staff in February 2021. At a minimum, all staff who receive cash, monitor cash receipts or who manage staff in these areas, and all solicitors are required to complete the training. Awareness of the module will be raised during 2021/22.

Authorisation and Protocol Requirements for Review of Work Activities

2.19 All employees have a duty to be honest, to act with propriety and integrity at all times, and to adhere to legal requirements, rules, procedures and practices. From time to time managers may receive an allegation or suspicion that the conduct of an employee they

manage has fallen short of the expected standards, and requires investigation. The procedure (authorisation and protocol requirements) was designed to support a consistent and disciplined assessment of the purpose and impact of considerations for monitoring, in such circumstances.

2.20 The procedure (Authorisation and Protocol Requirements for Review of Work Activities) was developed, and after consideration by Audit Committee, was approved by Cabinet in March 2021. It sets out the decision-making process and governance requirements when considering any monitoring at work in respect of a suspicion or allegation of misconduct. It is aligned to upholding the principles of the Council's Counter-Fraud and Corruption Strategy, and to the Council's Disciplinary Policy.

3 Resources

3.1 The Corporate Investigation Team comprises 2.5 full time equivalent officers, dedicated to the prevention, detection and investigation of suspected fraud or financial impropriety who report to the Audit Manager (Head of Internal Audit). Two members of the team are professionally qualified counter fraud officers, accredited with Portsmouth University, with the third team member being a former police officer with many years of professional expertise.

3.2 The planned and actual number of days applied in 2020/21 are shown in the table below. The planned activity is used for indicative purposes only, as the majority of the teams' work continues to be responsive to risk, the corporate aims and support requirements, and the investigation of cases of potential fraud and impropriety identified through data matching exercises and referrals received.

	Planned Days	Actual Days
Strategic	**80**	**84**
Fraud Awareness, Reporting	20	**28**
Training Development, Delivery	20	**12**
NFI Administration	10	**13**
Intelligence sharing, Working Groups, Police Liaison	5	**8**
Policy and Procedure review / planning	25	**23**

	Planned Days	Actual Days
Operational	**414**	**438**
Council Tax liability	180	**180**
Employee misconduct (disciplinary investigations)	100	**17**
Council Tax Reduction	30	**49**
Tenancy Fraud	20	**22**
Other fraud (Adhoc and contingency)	30	**21**
Advice and Guidance	4	**4**
Business Grants	50	**145**
Total	**414**	**438**

3.3 Whilst the COVID-19 crisis has significantly impacted on the role and priorities of the Corporate Investigation Team, timesheet data contained 522 chargeable days, compared to 494 planned chargeable days. There were additional resources available

during the year than planned, due to a temporary increase in number of hours worked by a member of the team, to progress National Fraud Initiative (NFI) investigation work.

3.4   Notable variances from planned time applied by the Corporate Investigation Team related to cases of employee misconduct and business grants:

- The provision of time indicatively allocated for employee misconduct cases is based on a judgement and is difficult to predict. Employee cases result from allegations, data matching, or concerns via management or audit activities.

- The number of days applied for Business Grant work increased as the decision was taken to participate in two data matching exercises for post award assurances in addition to previously planned consultation and support.

3.5   Staff training, development and fraud awareness continued to be an important element of counter-fraud work this year as referred to in the preceding section 'developments and campaigns'. The intention has been to maintain and improve a counter-fraud culture across the organisation, through supporting fraud risk awareness to prevent and detect cases of fraud, bribery and corruption.

3.6   The Head of Internal Audit supports Senior Officers in the investigation of allegations of fraud and financial impropriety either directly, or though the assignment of a member of the Corporate Investigation Team. The Corporate Investigation Team provides the capacity to conduct criminal and civil investigations, and supports a process to achieve consistent sanctions and recovery.

3.7   The Corporate Investigation Team leads a substantial proportion of counter-fraud work, supplemented by wider resources, as follows:

- Capacity to investigate cases of employee misconduct is maintained through a pool of Investigating Officers who are provided with professional internal training and support.

- National Fraud Initiative (NFI) cases are investigated through a coordinated approach between the Corporate Investigation Team and lead officers within Directorates.

- The Insurance section utilises a third party claims handler to verify claim legitimacy.

- A third party has been commissioned by Planning, Transport and Environment for a proactive scheme to target Blue Badge abuse.

4 Work and Collaboration

4.1 The work of the Corporate Investigation Team comprises the following primary elements:

Area of Work	Activity
Counter-Fraud Awareness Guidance & Support	Leading on staff awareness, training and support initiatives and campaigns. This year, targeted support and guidance was given in respect of counter-fraud arrangements in the administration of Welsh Government COVID-19 funding to individuals and businesses. The Corporate Investigation Team subsequently led on post payment verification processes, for further counter-fraud assurances. Targeted engagement and awareness activities were delivered this year for officers and SMT, via participation in International Fraud Awareness Week as an internal information campaign, and through engaging SMT in a Fraud Tracker assessment.
National Fraud Initiative (NFI)	In addition to investigating referred cases, the team also undertakes various proactive exercises including participating in proactive data matching exercise run by the Cabinet Office / Audit Wales. These exercises generate a substantial volume of ongoing work in respect of Council Tax, with Council Tax Liability cases representing the highest volume of work, and with increasing Council Tax Reduction cases.
Intelligence	Reviewing, risk assessing and contributing to intelligence through professional networks and disseminating relevant information and guidance as appropriate. Reviewing and assessing allegations of impropriety, utilising access to Council systems and outside data sources, including credit reference agencies.

'Business As Usual' Investigations	**Blue Badge** Misuse of a blue badge / use of a counterfeit badge in order to evade parking charges / park for free. This year the Planning Transport and Environment directorate have continued an initiative with a third party to deliver targeted work in this area. Details of the initiative and its results are contained within this report. **Council Tax Liability** The liability party applies for a discount or exemption that they are not entitled to. **Council Tax Reduction** Applicant fails to correctly disclose information, in order to receive payments that they are not entitled to. **Employee Misconduct** Employee commits an act of fraud, bribery, corruption or financial impropriety. **Insurance** Claimant provides untrue / incomplete information in order to receive payments that they are not entitled to. The Council's claims handling process is in place to mitigate this risk. **Tenancy** Social Housing Investigations include allegations of tenancy fraud, including subletting / abandonment and Right to Buy and Waiting List applications. **Other cases** Ad hoc / special investigations in respect of areas not listed above, would be categorised as 'Other', *this year that would include: Social Services Direct Payments, Pension Life Checks, Residential Parking Permit Misuse, Conflict of Interest.*

4.2 The counter-fraud work and activities during 2020/21 are broadly categorised in this report as either relating to targeted COVID-19 matters, or of a business-as-usual nature in respect of ongoing core areas of attention.

4.3 The Council responded to the global pandemic through updating its priorities, processes and systems as necessary for which strong focus was given to associated counter-fraud risk management. Specific work was targeted and delivered to provide up front assurance on the mitigation of fraud risks associated with the pandemic, whilst 'business as usual' investigation activities and casework have continued on a prioritised basis.

a. Targeted COVID-19 Work & Activities

4.4 Internal Audit and Counter-Fraud officers provided consultation and guidance through active participation in multidisciplinary project teams, on the design of new systems and processes associated with the pandemic. Appropriate counter-fraud controls were integrated into systems that needed to be established quickly in response to the crisis, such as those through which emergency funds from Welsh Government were administered and distributed by the Council to individuals and businesses. Post payment verification checks were also established, for which further information is provided within this report.

4.5 In respect of the work of the Corporate Investigation Team, COVID-19 consultancy is recognised as two separate areas of work:

Area of Work	Scope
1. New system checks (compliance, internal controls & counter-fraud)	Supporting a multidisciplinary team with advice and guidance on design of the system through which Welsh Government grants / relief payments were administered and paid.
2. Counter-fraud prevention & post assurance checks.	Liaison with Audit Wales and the Cabinet Office in order to develop and test new data matching initiatives. Active company checks, and validation of eligibility and fraud vulnerabilities were completed for fraud prevention and detection.

4.6 During the year Corporate Investigation or Internal Audit management provided advice and support on the design of systems and counter-fraud checks for the following grant schemes administered by the Council on behalf of the Welsh Government:

Scheme	Scheme Purpose
Start-up grants	To assist newly created self-employed businesses that had been affected by the Covid-19 outbreak.
Business grants	For small businesses, charities, not for profit organisations and eligible retail, leisure and hospitality businesses.
Wales culture recovery fund – freelancer support	To support freelancers in the cultural sectors facing financial challenges.
Isolation payments	To support people on low incomes who are unable to work from home if they are told to self-isolate by the NHS Wales Test, Trace, Protect service (TTP) and would lose income as a result.
Lockdown grant	To support businesses with immediate cash flow support to help them survive the economic consequences of the national firebreak lockdown in Wales.
Restrictions Business Fund (Christmas Firebreak)	To support businesses with their immediate cash flow and help them to survive the economic consequences of the additional restrictions introduced on the 4 December 2020.
Restrictions Business Fund Extension Grants	To support businesses with their immediate cash flow and to help them survive the economic consequences of the additional restrictions announced to control the spread of Covid-19.
Coronavirus childcare assistance scheme	To provide pre-school childcare assistance for critical workers and vulnerable children.
Childcare provider grant	To support registered childcare businesses with immediate cash flow where they have not been able to access other schemes.
Care workers £500 payment scheme	A £500 taxable payment for care workers who were employed in an eligible role during eligible dates.

Statutory sick pay enhancement scheme	To enable employers to pay full pay to care workers who are unable to work due to COVID-19 and who only receive statutory sick pay (SSP) when they are absent, or are not eligible for SSP.
Childcare Provider Support (CWTCH) Grant	To provide sustainability funding to support childcare settings to continue operating throughout the challenges of Coronavirus, where no other public funding is being provided to cover the same costs. To support families by removing the need for providers to charge parents fees when a service is not being provided.

4.7   As at the 31 March 2021 the above schemes attracted thirty eight thousand six hundred and eighty five applications, of which thirty one thousand three hundred and ninety were paid. The total sum paid exceeded £132 million.

4.8   The Business Grants scheme was by far the largest scheme administered by the Council, applications were open from 26 March until 30 June 2020. As at 31 March 2021:

- Six thousand one hundred and thirty eight applications were processed with a total value of £69.037 million;
- One thousand and fifty applications (17%), had been rejected due to ineligibility.

4.9   Guidance from Welsh Government to local authorities administering Business Grants was to implement low friction up front controls where possible, supplemented by post assurance checks. A system of verification checks was set up, and triggers were built into processes, whereby red flags for potential fraud or error were raised based on the application details and credentials input, and necessary verification was required before payments were issued, to prevent public money from being allocated inappropriately.

4.10 Post payment verification and assurance processes for Business Grants has included:

- Audit and Corporate Investigation Team staff undertaking manual checks of entitlement / eligibility, using information submitted on the payment file, and open source information to confirm businesses were trading at eligibility dates;

- Participation in two data matching exercises for wider verification.

4.11 The first data matching exercise commenced in June 2020, and compared grant applicant information to Experian's commercial database. The aim was to identify frauds such as impersonation, misuse of unrelated bank accounts/use of high-risk accounts, brand-new accounts being set up fraudulently/misused, and ineligible companies (e.g. ceased trading or commenced trading after qualifying date).

4.12 The second data matching exercise involved participation in a pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office prior to a proposed national roll out. The Council's data was matched with datasets including Experian, Equifax, Dun and Bradstreet, Food Standards Agency and Companies House. In addition to automated matches, an analyst generated further matches through a review of Experian and Equifax matches.

4.13 One thousand one hundred and two priority Business Grant matches were initially identified for review through post payment verification as at the 31 March 21, one thousand four hundred and fifty six matches have been processed, of which seventy seven are subject to ongoing review.

b. Business As Usual Activities

4.14 The Council has participated in a combination of National Fraud Initiative (NFI) data matching exercises / pilots and reactive investigation work to identify and review potential frauds and irregularities. Professional networks are in place to work with other local authorities to share intelligence and best practice externally, and the Corporate Investigation Team has provided specialist internal guidance, training and support.

4.15 The Council continues to participate in the National Fraud Initiative (NFI), which 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. Audit Wales have reported that since its commencement in 1996, NFI exercises have resulted in the detection and prevention of £42.9 million of fraud and overpayments in Wales. Across the UK, the cumulative total of NFI outcomes are now £1.93 billion. The seven main areas which generated almost 98% of the fraud and overpayments include; council tax discount, blue badges, housing benefit, pensions, waiting lists, residential care homes and council tax reduction schemes.

4.16 Two hundred and eighty nine days related to referrals from various sources, including, members of the public, Council employees as well as anonymous referrals. Specialist internal advice has continued to be sought, and has been provided on twenty-four occasions, compared to twenty-two in 2019/20. Requests originated from a number of different teams, covering topics such as data matching, preliminary investigations, gathering evidence, conducting investigations, and prosecutions

4.17 One hundred and ninety two business as usual cases were identified for investigation in 2020/21, compared to three hundred and ninety eight the previous year. Three hundred and forty four investigations were concluded during the year, compared to two hundred and thirty eight last year. The pertinent reasons for the differences in activity were as follows:

- Adapting to emerging risks associated with the pandemic, required a flexible approach to resource planning and tasking.
- There was a significant shift to proactive working during the year.
- Local and National guidance necessitated revised working practices, which included the cessation of face to face interviews and property visits. Alternative methods of progressing enquiries were introduced and a concerted effort to clear cases ensued.
- A risk based approach was adopted and priority was given to providing post Covid grants and awards payment verification.
- The proactive Blue Badge pilot exercise administered by the Planning Transport and Environment directorate continued, albeit with significant limitations imposed by restrictions.
- An influx of Council Tax Reduction referrals from Housing & Communities.
- NFI work generated fifty-three of the cases closed, which were categorised as "other", these related to Social Services matches.

4.18 The majority of investigation cases continue to be generated in respect of Council Tax Liability issues through reviewing NFI matches. 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.

Cases	2019/20		2020/21	
	Identified	Concluded	Identified	Concluded
Blue Badge	71	28	27	**37**
Council Tax Liability	145	73	67	**146**
Council Tax Reduction	36	31	54	**44**
Employee Misconduct	18	32	14	**22**
Insurance	43	47	12	**27**
Tenancy	19	15	9	**6**
Other Cases	66	12	9	**62**
Number of Cases	398	238	**192**	**344**

4.19 Planning Transport and Environment have continued to collaborate with their external service provider in order to continue their on-street enforcement activity. Whilst the pandemic limited the work during the year, twenty-seven blue badges were seized, compared to seventy-one for the same period 2019/20. The majority of badge seizures were as a result of a vehicle being parked, whilst the Blue Badge holder was not present.

4.20 One hundred and forty-six Council Tax Liability investigations were completed, compared to seventy-three during 2019/20. A number of active cases are ongoing at the year-end, which were identified through reviewing the annual NFI Council Tax to Electoral Register data matches. 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 registered to vote.

4.21 Forty-four Council Tax Reduction investigations were concluded, compared to thirty-one 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.

4.22 Twenty-two investigations have concluded relating to employee misconduct. The allegations included: abuse of position, overtime – inflated claims, corruption, theft, working whilst sick.

4.23 Twenty-seven insurance claims[*] have been concluded. In these cases, insurance payments were made at a reduced rate where elements of claims were not supported, and in other cases insurance claims were withdrawn.

[*]Insurance data is provided by external claims handlers and may be subject to in-year / retrospective adjustments.

4.24 Six tenancy investigations were completed, compared to fifteen last year.

4.25 Of the sixty-two other cases concluded, fifty-three were in respect of Social Services / Direct Payment data matching. The nine other cases included pension life check, residential parking, carer credentials and falsified claims, council tax exemption, and conflict of interest

4.26 Officers actively collaborate 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 (2020/21)	**Wales Fraud Officers Group** - the Group Auditor (Investigations) engages in quarterly meetings, for networking and sharing best practice and proactive initiatives.
	Welsh Chief Auditor's Group - The Audit Manager Chairs these meetings, where strategic and operational fraud matters are discussed.
	National Anti-Fraud Network (NAFN) - 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.
	Wales Fraud Forum & Audit Wales Good Practice Exchange – Lead counter-fraud officers attend these events for best practice advice and insight.

5 Impact

COVID-19 Grants

5.1 As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output in respect of Business Grants administered on behalf of Welsh Government, overall sixty-six grants have been identified as paid in error (1%) with a total value of £780,000 (1%). Of this, £454,000 has been recovered and work continues to recover the remainder.

5.2 The other twelve schemes combined identified 31 payments subsequently identified as paid in error, with a value of £220,000. Of this, £95,950 has been recovered to date whilst further recovery activities are ongoing.

5.3 Post assurance manual and data matching checks and analysis have not identified material cases of fraud or error to date in the context of the value of payments, although a number of case reviews are ongoing and, through participation in the National Fraud Initiative further data matching output is expected to generate cases for investigation in 2021/22.

Blue Badges

5.4 Thirty-seven Blue Badge cases were concluded, twenty-nine resulted in criminal sanctions, of these, twenty-six were prosecuted and three received a simple caution.

Council Tax Liability

5.5 Council Tax Liability investigations concluded during the year identified £74,264 of under charged liability, due to be recovered.

Council Tax Liability	2018/19	2019/20	2020/21
Investigations concluded	117	73	146
Overpayment Identified	£63,500	£42,038	**£74,264**

Council Tax Reduction

5.6 Council Tax Reduction investigations resulted in overpayments of £9,455 to be recovered.

Council Tax Reduction	2018/19	2019/20	2020/21
Investigations concluded	8	31	**44**
Overpayment Identified	£11,909	£25,911	**£9,455**

Employee Investigations

5.7 Twenty-two employee investigations were concluded; this resulted in the following outcomes: 2 management action, 1 written warning, 1 resignation and 2 dismissals. Additional, corrective action, and a number of management recommendations were made, in order to improve systems and controls.

<u>Insurance</u>

5.8 The Insurance Team has worked with their claims handler to quantify the value of prevented insurance claims due to fraud or error.

Insurance	2018/19	2019/20	2020/21
Investigations concluded	36	47	**27**
Prevented payments	£473,678	£531,898	**£396,505**

5.9 In the majority of cases, the prevented payments are represented by claims, which were either withdrawn by claimants, or were considered as exaggerated claims which were subsequently paid at a reduced rate.

<u>Tenancy</u>

5.10 Six tenancy investigations were completed, compared to fifteen last year.

<u>Other</u>

5.11 Of the sixty-two cases concluded, in total £7,374 was identified for recovery, which related to a pension case.

6   Fraud Measurement and Assurance

6.1   The Counter-Fraud and Corruption Strategy sets out the approach taken to measure the fraud risk in Cardiff Council, which is built upon national trends and intelligence and Council specific intelligence. This 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.

6.2   The Council has made a proper assessment of its fraud and corruption risks, with the overarching position represented on, and managed through the corporate risk register. The corporate risk of 'fraud, bribery and corruption' is subject to ongoing monitoring and management. The risk is updated on at least a quarterly basis for SMT consideration and Governance and Audit Committee review (formerly Audit Committee), with the position considered by Cabinet twice a year.

6.3   A number of methods are used to identify and respond to the risk of fraud and corruption:

- o **Annual assessment against the 'Fighting Fraud and Corruption Locally Strategy 2020', and the Government Functional Standard (GovS 013: Counter Fraud).** Further information on these is provided in the following paragraphs;

- o **Participation in the CIPFA fraud and corruption tracker.** This year, the tracker was responded to by each directorate management team, with the overall position considered and agreed in SMT. The process enabled a coordinated assessment and validation of fraud and corruption risks and data, and provided an opportunity for directorates to consider the positon in respect of their directorate risk assessment, and make appropriate updates;

- o **Senior Management Assurance Statements on fraud, bribery and corruption risk management on a twice-yearly basis**. Prior to each director submitting a senior management assurance statement of their maturity in this area, they are required to review the position with their respective management teams.

6.4   As referred to above, the Corporate Investigation Team has reviewed the Council's position in respect of counter-fraud through the use of two public sector checklists. Firstly, an assessment has been made against the 'Fighting Fraud and Corruption Locally 2020 Strategy'. The strategy has been developed for English Local Authorities supported by CIFAS and CIPFA, to provide *"a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top."*

6.5   A high-level assessment against the senior stakeholder checklist is included in **Annex 1**, followed by the detailed checklist of thirty-seven points for which the Council's self-assessment results are included in **Annex 2**. The self-assessments have provided general comfort in the strength of the counter-fraud approach in the Council and has reinforced the ongoing approach to Council-wide training and awareness as important cornerstones of the corporate counter-fraud response. It has reaffirmed the importance of the approach ongoing to coordinate fraud and corruption risk assessments, to communicate effectively on risk identification and awareness, and to review cases of proven fraud for lessons learned purposes. These areas are carried forward onto the ongoing Counter-Fraud Action Plan.

Functional Standard (GovS 013: Counter Fraud)

6.11   In 2021, the Government launched an updated "Functional Standard" for counter fraud, detailing the main components government organisations should have in place to deal with fraud effectively. The Functional Standard for counter fraud was developed by a senior group of fraud experts in government. The standard applies to all government departments and their arms-length bodies.

6.12   The Council's position has been reviewed against the Functional Standard (GovS 013: Counter Fraud). An assessment has been made against the full Standard and a summarised version of the assessment against an associated summary checklist is included in **Annex 3**. The self-assessment provided general assurance that the Council has strong foundations in place to deal with fraud effectively.

Counter-Fraud and Corruption Tracker

6.13 During 2020, CIPFA conducted its latest 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. In the results subsequently published it has recommended that:

- Local authorities must remain vigilant and determined in identifying and preventing fraud, raising the awareness of fraud risk across all areas of service delivery and all levels of the organisation.
- It remains important for organisations to work collaboratively with their neighbours and business partners, share resources, skills and best practice to effectively detect and prevent fraud.
- Public sector organisations should maximise opportunities to share data where these initiatives are made available and explore and invest in additional innovative use of data sharing and fraud prevention technology, reducing the risk of loss through fraud.
- This year the majority of authorities reported fraud prevention as their main priority with none listing intelligence gathering at any level. Authorities should reconsider the value of intelligence in connection with identifying fraud risk, informing and focusing their planned activity and helping protect the organisation, therefore further preventing fraud.
- CIPFA recommends active publicity campaigns across all levels of the organisation to ensure staff are aware of whistleblowing procedures and accessibility to supporting services.
- Cyber security continues to increase in importance relative to the increase in remote working and electronic service application. Where controls need to be strengthened authorities should seek assistance from the LGA's cyber security programme stakeholder group.
- The new Fighting Fraud and Corruption Locally 2020 strategy has been released and councils are encouraged to review their working practices against the FFCL checklist, strengthening controls where weakness is identified.

6.14 The collated responses from each directorate against the CIPFA fraud tracker 2020 were reviewed and agreed by SMT in November 2020 in respect of the financial year 2019/20. The outputs of the CIPFA exercise were reviewed following publication in SMT during March 2021.

6.15 SMT recognised many of the trends in cases of fraud reported nationally in local authorities, and reinforced the importance of the ongoing commitment to the prevention and detection of fraud, built on the ongoing strategic approach underway for Council-wide training and awareness. The national data on fraud trends, volumes and values has informed ongoing risk assessments within directorates, and the programming of internal audit work.

Action Plans

6.16 The Counter-Fraud Annual Report 2019/20 contained an action plan arising from the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the functional standard (GovS 013: Counter Fraud) and the review of the Fighting Fraud and Corruption Strategy in place at the time. Progress against the action plan was monitored throughout the year, and the year-end position is included within **Annex 4**, in which all actions are considered of an ongoing nature and are to continue.

6.17 The ongoing Counter-Fraud Action Plan is included within **Annex 5**, which follows the review of the previous action plan progress and includes one additional action arising from the self-assessments of fraud and corruption through the aforementioned checklists and exercises. The action plan contains eight actions overall, seven actions of an ongoing nature from the previous year's action plan, and a further action to review the suite of counter-fraud operational policies, and provide relevant updates to ensure all good practice elements of the revised Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.

7 Investigation Plan 2021/22

7.1 Looking forward to 2021/22, there are four hundred and forty two chargeable days available in the plan based on current resources (2.5 fte).

7.2 These days have been indicatively split between strategic (80 days) and operational activities (362 days) as summarised within the table below.

Strategic *(Planned Days)*	80
Fraud awareness / reporting	25
Policy and procedure review / planning	25
Intelligence sharing / working groups / police liaison	10
National Fraud Initiative	10
Training development / delivery	10

Operational *(Planned Days)*	362
Council Tax Liability (CTL)	180
Council Tax Reduction (CTR)	50
Employee misconduct (disciplinary investigations)	40
Other fraud (Ad hoc and contingency)	37
Tenancy fraud	30
Grants	20
Advice and guidance	5

NB – Audit Manager time is not included within the above apportionment.

Fighting Fraud and Corruption Locally (FFCL) 2020

<u>Senior stakeholders - Checklist</u>

<u>The Chief Executive</u>

Expectations
Ensure that your authority is measuring itself against the checklist for FFCL
Is there a trained counter fraud resource in your organisation or do you have access to one?
Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?
Commentary – The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist

<u>The Section 151 Officer</u>

Expectations
Is there a portfolio holder who has fraud within their remit?
Is the head of internal audit or counter fraud assessing resources and capability?
Do they have sufficient internal unfettered access?
Do they produce a report on activity, success and future plans and are they measured on this?
Commentary – The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist

<u>The Monitoring Officer</u>

Expectations
Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?
Commentary – Governance and Audit Committee induction training provided, supplementary information provided to Committee Members within packs issued to support individual Member self-assessments against the CIPFA knowledge and skills framework. All Elected Members can access the Fraud Awareness training module. The Corporate Investigation Team is independent, and produces progress reports for Governance and Audit Committee consideration at least quarterly.

The Audit Committee

Expectations
Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
Should support proactive counter fraud activity
Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.
Commentary – The above mechanisms and arrangements are in place, as outlined in more detail within the following FFCL checklist. Additional information and details are included within the Annual Report to appropriately inform the Governance and Audit Committee.

The Portfolio Lead

Expectations *Receives a regular report that includes information, progress and barriers on:*
The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.
Commentary – The Portfolio Cabinet Member (Councillor Weaver) receives corporate risk information, and has been provided with the completed FFCL checklist, the Functional Standard (GovS 013: Counter Fraud) self-assessment from this report, and the results of the Fraud and Corruption Tracker exercise.

Fighting Fraud & Corruption Locally 2020 Checklist

<u>Self-Assessment</u>

	Checklist	**Position**	**Action Required**
1	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.	The risk of fraud, bribery and corruption is contained on the corporate risk register, and is reviewed by the senior management team and Governance and Audit Committee quarterly prior to reporting to Cabinet. In September 2020, all directorates contributed to a risk assessment of their respective fraud and corruption risks. Each directorate assessed their position against the CIPFA fraud and corruption tracker, and all results were considered in SMT in November 2020. Directorates undertook to add relevant risks to their risk registers, as appropriate, and the Audit Manager reported the position to Audit Committee (subsequently renamed Governance and Audit Committee) in the meeting of 23 March 2021. Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet. Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.	**Annex 5 – Action 2.**
2	The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon	Each directorate considered their fraud and corruption risks through participating in the CIPFA fraud and corruption tracker exercise in September 2020. This assessment	**Annex 5 – Action 4.**

	scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	included the consideration of the wider impact of fraud. All results were considered in SMT in November 2020.	
3	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	The Counter-Fraud Annual Report includes the assessment against the FFCL checklist and in consideration of the wider strategy.	**Annex 5 – Action 5.**
4	The relevant portfolio holder has been briefed on the fraud risks and mitigation	The portfolio Cabinet Member is named against the corporate risk of fraud bribery and corruption, and kept engaged on the current mitigation and planned further activities and response. The strategic response to the risk of fraud is co-ordinated through the Counter-Fraud and Corruption Strategy, which was approved by the Cabinet in July 2019. The Portfolio Cabinet Member (Councillor Weaver) receives corporate risk information, and has been provided with the completed FFCL checklist, the Functional Standard (GovS 013: Counter Fraud) self-assessment from this report, and the results of the Fraud and Corruption Tracker exercise.	
5	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	The Governance and Audit Committee receives an annual plan of the proactive and reactive areas of work for the Corporate Investigation Team each year, and progress reports at least quarterly on the work and outcomes of counter-fraud work. The Committee self-assessed their counter-fraud performance as effective in their self-assessment in January 2021.	
6	There is a counter fraud and corruption strategy applying to all aspects of the local authority's	The Counter-Fraud and Corruption Strategy included a requirement for all officers to undertake fraud awareness training for which progress is being monitored, and for the	

	business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Council to participate an international fraud awareness week communication campaign, which took place in November 2020.	
7	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	The key operational policies and arrangements, and the frequency of their review, are set out in the Counter-Fraud and Corruption Strategy.	
8	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	The risk of fraud, bribery and corruption is included on the corporate risk register, with the assessment and actions formally reported on quarterly.	
9	Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Responses from directorates as part of the recent fraud and corruption tracker return considered that this was effectively in place.	
10	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	The Council has a 'publicity policy' for cases of proven fraud.	

11	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.	The Governance and Audit Committee receives a progress report on at least a quarterly basis, which provides details of the proactive and reactive work, the number and nature of referrals, ongoing cases, closed cases, and the outcomes.	
12	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality.	The Council has codes of conduct and registers of interest, gifts and hospitality. Each of these areas require monitoring by management, as well as review by the Standards and Ethics Committee and routine audit by the Internal Audit Service.	
13	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	The Council requires that appropriate vetting is required by staff prior to employment, undertaken by management, with the support of HR People Services. The process is subject to Internal Audit.	

14	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.	The requirement for Members and Officers to make appropriate personal, business, gifts and hospitality disclosures are communicated and subject to Internal Audit.	
15	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	A number of communication campaigns have been introduced to provide a base level of understanding of fraud risks and the counter-fraud culture required across the organisation. This has been primarily delivered through the roll out of mandatory fraud awareness training and the focus in fraud awareness week on key areas (money laundering, impersonation fraud, fraud risks awareness and how to seek help / advice). All corporate training has been designed and facilitated by the Council's counter-fraud experts.	**Annex 5 – Actions 6 & 7**
16	There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	The Council's Monitoring Officer maintains the whistleblowing policy. The Standards and Ethics Committee is provided with information to enable them to monitor the number and nature of cases, their progress and outcomes.	
17	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.	Contractors are made aware of the Council's whistleblowing policy as part of standard contracts, through which they can make a disclosure in the public interest.	
18	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	Fraud resources are monitored in respect of the risk of fraud. To support the resilience of the small Corporate Investigation Team, a pool of Investigating Officers have been formally trained to conduct professional internal investigations in accordance with the Council's disciplinary, and fraud, bribery and corruption policies.	

19	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 business and includes activities undertaken by contractors and third parties or voluntary sector activities.	The annual fraud plan is considered by the Governance and Audit Committee each year, which reflects risks and covers all areas of Council business. The plan indicates the proportion of time expected to be used in respect of strategic and operational work, and any comments from the Governance and Audit Committee are accounted for in the deployment of the team. The Corporate Investigation Team needs to be responsive to risk and referrals, through which the actual work completed and the outcomes are reported to the Governance and Audit Committee.	
20	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	The Corporate Investigation Team provides progress reports on the work and outcomes of the work led by the team. The outcomes of the small number of areas where work is led outside of the team, namely insurance investigations, and a pilot blue badge initiative with a third party, are periodically collated and reported to the Governance and Audit Committee.	
21	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	
22	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	There is a Publicity Policy in place to guide the approach to publicising fraud and corruption cases internally and externally, supported by the Council's Communications Team.	
23	All allegations of fraud and corruption are risk assessed.	All allegations of fraud and corruption are subject to a preliminary assessment, through which the allegations and associated risk are assessed.	

24	The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	
25	The fraud response plan is linked to the audit plan and is communicated to senior management and members.	The Audit Manager, prepares the Internal Audit Plan and the Fraud Plan. Both plans are co-ordinated to target and receive assurance on areas of risk. The Audit Plan is communicated with SMT, as are the priorities in respect of the Corporate Investigation Team's proactive and reactive planned work.	
26	Asset recovery and civil recovery are considered in all cases.	Asset recovery and civil recovery are considered in all cases.	
27	There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	There is a zero tolerance approach to fraud and corruption that is defined in the Counter-Fraud and Corruption Strategy, and associated policies, which are monitored and considered by the Governance and Audit Committee.	
28	There is a programme of proactive counter fraud work which covers risks identified in assessment.	The proactive work is informed by risk, and intelligence, whether it involves the focus / deployment of training and awareness campaigns, to targeted data matching exercises.	
29	The counter fraud team works jointly with other enforcement agencies and	The Corporate Investigation team works jointly with other enforcement agencies, including the Police, Cabinet Office, DWP, and a range of professional networks.	

	encourages a corporate approach and co-location of enforcement activity.		
30	The local authority shares data across its own departments and between other enforcement agencies.	The local authority shares data across its own departments (such as procurement, legal, Council Tax, Finance (Inc. Audit and Corporate Investigation Teams), and between other wider agencies (including the DVLA, Cabinet Office / National Fraud Initiative, Home Office, Police, DWP).	
31	Prevention measures and projects are undertaken using data analytics where possible.	The Corporate Investigation Team co-ordinates and actively participates in the National Fraud Initiative data matching exercises. The Investigation and Internal Audit Teams continue to advocate Directorate use of data analytics in the processing of applications across the Council.	**Annex 5 – Action 7.**
32	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	The Corporate Investigation Team has registered with the Knowledge Hub and has access to relevant resources.	
33	The counter fraud team has access to the FFCL regional network.	*n/a – English LA's only*	
34	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.	Counter-Fraud work is undertaken by the Corporate Investigation Team, who are professionally trained and suitably accredited.	

35	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	The counter fraud team has adequate knowledge in all areas of the local authority.	
36	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 – financial investigations.	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 – Financial investigations.	
37	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and appropriate mechanisms are used to feedback improvements to fraud-proof systems to directorates, such as action plans resulting from investigations, or separate Internal Audit engagements and associated recommendations in the event of ongoing control gaps.	**Annex 5 – Action 8.**

Functional Standard (GovS 013: Counter Fraud) Self-Assessment

Counter Fraud Organisational Basics Checklist

The Functional Standards set 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 Functional Standard (GovS 013: Counter Fraud). Government Functional Standard - GovS 013: Counter Fraud (publishing.service.gov.uk)

The following assessment is in respect of the summary level checklist against the Government Functional Standard (GovS 013: Counter Fraud), although a full detailed assessment has been completed and is held by the Audit Manager within the Internal Audit Section.

	Functional standard	Position	Action Required
1	Have an accountable individual at board level who is responsible for counter fraud, bribery and corruption	The Audit Manager leads on the Council's Counter-Fraud activities and initiatives under the direction of the Corporate Director Resources (Section 151 Officer) who is a member of the Councils SMT and ensures appropriate senior management prominence and engagement. The portfolio Cabinet Member Cllr Chris Weaver champions counter-fraud importance, is actively engaged in the development of counter-fraud policies and strategy, and is provided with the outcomes of exercises to examine and manage risk, including the assessments of counter-fraud appended to this report. The Governance and Audit Committee receive information on the Counter-Fraud activities, resources and outcomes through quarterly updates. The Committee received and considered a national report from Audit Wales and the specific findings in respect of the Council in September 2020, and the findings were discussed with the external Auditor and the Audit Manager.	

2	Have a counter fraud, bribery and corruption strategy that is submitted to the centre	Cardiff Council has an overarching Counter-Fraud and Corruption Strategy, underpinned by a policy framework which has been approved by Cabinet. The strategy: • Provides details of national counter-fraud landscape, with details of trends and intelligence. • Includes details of the red flags and conditions for fraud and the principal means of assessing the risk of fraud and its detection. • Is based on the maturity and response the organisation is seeking over a three-year period, following which a strategy update is planned. The corporate risk register contains a target risk level and timescale. • Contains a counter-fraud Response Plan and Action Plan • Contains clear objectives and a combined foreword from the Leader and the Chief Executive.	
3	Have a fraud, bribery and corruption risk assessment that is submitted to the centre	Fraud, Bribery and Corruption is contained on the Corporate Risk Register, and is reviewed by the senior management team and Governance and Audit Committee quarterly prior to reporting to Cabinet. In September 2020, all directorates contributed to a risk assessment of their respective fraud and corruption risks. Each directorate assessed their position against the CIPFA fraud and corruption tracker, and all results were considered in SMT in November 2020. Directorates undertook to add relevant risks to their risk registers, as appropriate, and the Audit Manager reported the position to Audit Committee (subsequently renamed Governance and Audit Committee) in the meeting of 23 March 2021. All risk registers are required to contain all pertinent risks, including the risk of fraud bribery and corruption in accordance with the Council's Risk Management Strategy and Policy. Any actions resulting from risk assessments at a corporate level of fraud and corruption are included within the corporate risk register, which is owned by the SMT, and is regularly reported to the Governance and Audit Committee and Cabinet.	

		Directors respond to an assurance statement twice a year in respect of fraud, bribery and corruption as part of the Senior Management Assurance Statement (SMAS) process.	
4	Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption	To supplement the Counter-Fraud and Corruption Strategy, the Council has a suite of counter fraud policies and procedures in place, which are reinforced by the Council's mandatory 'Fraud Awareness' eLearning module. The full Functional Standard for this area (4.5. Organisational Policy and Response Plans) details the good practice components of the Fraud, Bribery and Corruption Policy and the Fraud Response Plan. The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates with appropriate incorporation of the good practice elements of the Standard. • <u>The Fraud, Bribery and Corruption Policy</u> includes the following sections: Definitions, Scope, Training & Awareness, Prevention, Detection, Reporting, Investigation, Collaboration, and Accountability. • <u>The Fraud Response Plan</u> is a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety, in accordance with the Fraud, Bribery and Corruption Policy. Responsibilities are defined, as is the process for assigning the lead investigating officer and the support available from Internal Audit. The Audit Manager attends Senior Management Team meetings for periodic counter-fraud updates and the Corporate Investigation Team regularly produce progress reports to the Governance and Audit Committee and provide monitoring and performance information and updates. The Audit Manager will report cases of fraud, bribery, corruption or financial impropriety to the Section 151 officer and the Governance and Audit Committee as appropriate relative to their roles and terms of reference.	**Annex 5 – Action 1.**

5	Have an annual action plan that summarises key actions to improve capability, activity and resilience in that year	An Annual Action Plan is prepared and appended to each Counter-Fraud Annual Report. The Action Plan reflects the strategic intentions in respect of counter-fraud activity, informed by the year-end assessment against the Functional Standard (GovS 013: Counter Fraud) and the review of the Fighting Fraud and Corruption Locally Strategy. The Action Plan is coordinated by the Audit Manager, who is responsible to tracking and reporting on progress against the actions set. The Action Plan includes target timescales against actions. The Governance and Audit Committee (formerly Audit Committee) receives an update on counter-fraud and the work of the Corporate Investigation Team at least quarterly. A specific progress update on the Action Plan was not considered necessary during 2020/21, although interim updates between Annual Reports have been provided in prior years, as appropriate. The Council reports the Action Plan as part of the Counter-Fraud Annual Report for consideration and review by the Governance and Audit Committee.	
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 Council reports on the volumes and values of fraud cases identified for investigation, and the outcomes of those investigations. This information is provided on a comparative basis against the same period in the prior year for the information of the Governance and Audit Committee in quarterly progress reports. The Counter-Fraud Annual Report provides comparative information on the outcomes of investigations against the previous two financial years. The Corporate Investigation Team is a small specialist resource. Audit Wales reviewed the counter-fraud arrangements in the Council as part of a national study and no recommendations were considered necessary in respect of the development of further metrics.	

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	Well-established and communicated arrangements are in place for reporting suspicions of fraud, bribery and corruption. Reporting arrangements are communicated and prompted in mandatory fraud awareness training and as part of fraud awareness week and other relevant publicity activities or campaigns. All referrals and other casework are recorded within a corporate fraud database, allocated a unique reference and categorised as appropriate.	
8	Report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions	The Governance and Audit Committee receives details of the value of fraud or error identified through the concluded cases over the reported period, identified for recovery action. The value of recovery due to fraud or error is not systematically reported to Committee and this is not a further reporting requirement in local government. However, this data was compiled and provided to Audit Wales for their external review of counter-fraud arrangements as part of a recent national study. The database maintained is conducive to effective reporting to the Governance and Audit Committee on the fraud cases received, ongoing and closed over the current and previous reporting periods.	
9	Have agreed access to trained investigators that meet the agreed public sector skill standard	Whilst the Government Counter Fraud Profession has not been adopted by local authorities, all members of the Corporate Investigation Team are professionally trained and suitably skilled and experienced.	

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	The Council participates in a CIPFA counter-fraud and corruption tracker with the direct engagement of the full senior management team annually. As part of this exercise national fraud tends, volumes and values are considered and reflected in as fraud risks and volumes are considered and reported on across the Council. Areas where there are gaps in information and assurance are considered for management activities, and for the development of internal audit assurance engagements, as appropriate. The Council actively participates in the proactive National Fraud Initiative; this has included pilots in respect of COVID-19 grants and Council Tax. During 2020/21, a further data matching activity was undertaken for post payment verification purposes on Business Grants administered during the year on behalf of Welsh Government for targeted assurance due to the necessity to pay a significant amount of funds at pace.	
11	Ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role	All staff are required to participate in mandatory fraud awareness training, which is either delivered face to face or via an eLearning module.	
12	Have policies and registers for gifts and hospitality and conflicts of interest	The Council has policies and registers for gifts and hospitality and declarations of interest. The procedures document how to record and mitigate conflict of interest risks.	

	Action	Target	Position as at April 2021
1.	On an annual basis, the Investigation Team to review directorate: • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption, to provide advice and guidance.	Annually	**Partially completed and ongoing** In respect of risk reviews, all directorates were engaged via the Corporate Investigation Team in the fraud and corruption tracker exercise, in which directorate management teams were required to identify their most significant risks of fraud, bribery and corruption. As an outcome of the exercise, many directorates have taken actions to update their risk registers in respect of the matters identified. Assurance statements were not reviewed by the Corporate Investigation Team this year, as resources were prioritised on supporting fraud prevention and detection through active engagement in projects as new systems were developed in response to priorities associated with the pandemic. Significant resources were also applied for post award assurance data matching exercises and associated investigation cases for Business Grants. The work of the Corporate Investigation Team is designed in coordination with the activities of Internal Audit, who completed an assurance audit engagement on directorate risk management and a review of governance arrangements during the year.
2.	The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.	Following each financial year-end	**In place and ongoing** The action was completed in full and is considered as a business as usual activity.

			Additionally, documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standard for counter-fraud following the 2020/21 financial year-end. These assessments will be completed again following each financial year-end, and are included in the respective Counter-Fraud Annual Reports.
3.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end	**In place and ongoing** Documented assessments were completed against the Fighting Fraud and Corruption Locally checklist and the Government's Functional Standard for counter-fraud following the 2020/21 financial year-end. These assessments will be completed again following each financial year-end, and are included in the respective Counter-Fraud Annual Reports.
4.	Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing	**In place and ongoing** To embed key messages from the Counter-Fraud and Corruption Strategy, fraud awareness training has been received by circa five thousand people (officers, headteachers and school governors). The training was delivered through a combination of eLearning for PC users, face-to-face training sessions for front-line staff, and targeted school briefings.

5.	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2020	**In place and ongoing** Cardiff Council participated in International Fraud Awareness Week (15-21 November 2020), with articles and resources issued each day to all staff. There is a commitment to participate in the International Fraud Awareness Week in 2021.
6.	The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing	**In place and ongoing** Internal Auditors are briefed on the expectation to consider the feasibility of services using data matching intelligence at the point of processing Council applications.
7.	In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate.	Ongoing	**In place and ongoing** In respect of cases of proven corporate fraud, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Governance and Audit Committee as appropriate. Internal Audit engagements will continue to be targeted in high-risk areas, mindful of any concerns or allegations raised in respect of the Council's control environment.

Counter-Fraud Action Plan for 2021/22

	Action	Target
	New Action	
1.	The suite of counter-fraud operational policies, including the Fraud, Bribery and Corruption Policy and the Fraud Response Plan are scheduled for review during 2021/22, and this review will provide relevant updates to ensure all good practice elements of the Functional Standard (GovS 013: Counter Fraud) are appropriately incorporated.	By 31 March 2022
	Ongoing Actions	
2.	On an annual basis, the Corporate Investigation Team to review directorate: • responses to their assurance statements on the prevention and detection of fraud • risks relating to fraud, bribery and corruption risks, to provide advice and guidance.	Annually
3.	The Audit Manager to co-ordinate participation in a corporate fraud tracker exercise with SMT on an annual basis.	Annually
4.	A documented assessment against the Fighting Fraud and Corruption Locally checklist to completed annually, and included in the Counter-Fraud Annual Report.	Following each financial year-end
5.	Audit Manager to support requests for counter-fraud training, and to monitor and report on the completion of the mandatory Fraud Awareness Training eLearning module.	Ongoing
6.	Participate in International Fraud Awareness Week in November each year, working with the Council's Communications Team.	November 2021
7.	The use of data matching intelligence at the point of processing Council applications will be tested and advocated through the Internal Audit regime.	Ongoing
8.	In instances of proven fraud and corruption, post fraud reviews will take place as appropriate, from which the findings and relevant actions will be shared with SMT and Audit Committee as appropriate	Ongoing