



# Resources Directorate Internal Audit Section

## Investigation Team Progress Report

(as at 30 September 2022)

2022/23

### Planning & Resources

Further to the high-level allocation of days reported to Committee on 25 January 2022, four hundred and forty-three chargeable days are available based on current resources, indicatively split between strategic (80 days) and operational activities (363 days), as summarised below, for awareness and comment:

<b>Strategic</b>	Fraud awareness / reporting	25	<b>Days</b>
	Policy and procedure review / planning	25	
	Intelligence sharing / working groups / police liaison	10	
	National Fraud Initiative	10	
	Training development / delivery	10	
<b>Operational</b>	Council Tax Liability (CTL)	180	<b>Days</b>
	Council Tax Reduction (CTR)	50	
	Employee misconduct (disciplinary investigations)	40	
	Other fraud (Ad hoc and contingency)	38	
	Tenancy fraud	30	
	Grants	20	
	Advice and guidance	5	

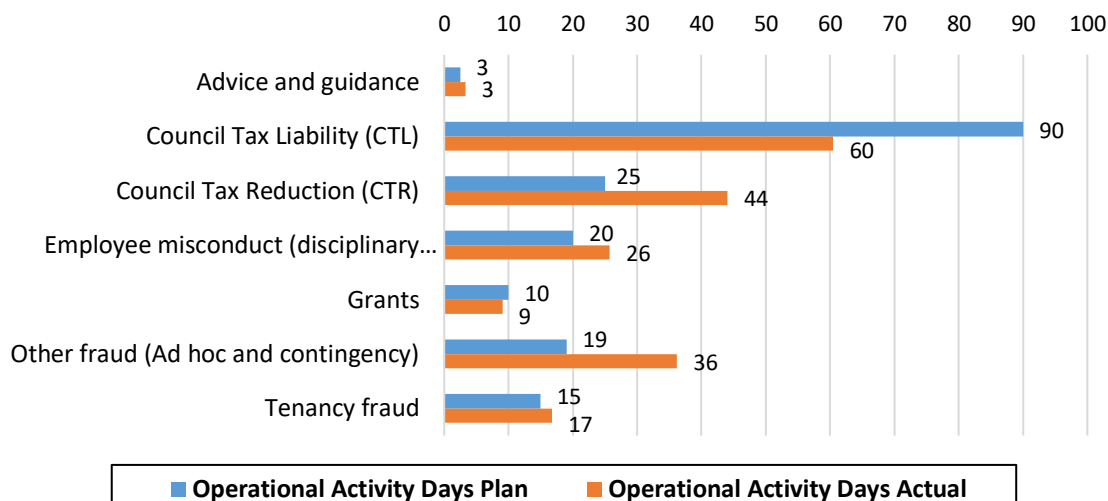
*NB – Audit Manager time is not included within the above apportionment.*

### Activities

In the financial year to 30 September 2022, the team have applied 236 days as follows:



## Operational Activity Days



## Training and Awareness

**Fraud Awareness Week** was established in 2000 by the Association of Certified Fraud Examiners as an opportunity to give publicity to, and raise greater awareness of, fraud and counter-fraud arrangements. The Council has actively participated in Fraud Awareness Week for the past three years and following the end of the financial quarter, articles and information were communicated across the Council on conflicts of interests, procurement fraud, mandate fraud, training and awareness and staying vigilant.

**Mandatory Fraud Awareness training** continues to be delivered. More than six thousand, four hundred staff and school governors have completed the eLearning or attended a face-to-face session.

**Anti-Money Laundering eLearning** training is in place to reinforce the requirements of the Council's Anti-Money Laundering Policy. The Money Laundering Reporting Officer (MLRO) is a senior officer in the Internal Audit Section, for reporting, advice and guidance needs.

**An Internet Investigation Procedure** has been developed by the Corporate Investigation Team and Legal Services, to support effective, safe and legal use of the internet to obtain information about individuals or businesses. For example, the Council may need to check online if a business is still trading or to make relevant social services / safeguarding checks. The procedure applies to all Council officers with effect from 1 June 2022 and is commended to schools for consideration and adoption by their respective Governing Bodies. A staff information article has been published, and eight awareness sessions have been delivered via Teams, with more than 270 participants, including separate sessions for School Headteachers.

## COVID Grants and Schemes

As referred to in previous updates, the Audit and Investigation Teams, continue to provide counter-fraud advice, guidance and checks to support the control environment and the prevention and detection of fraud and error in the administration of grants on behalf of the Welsh Government.

### **Business Grants**

As reported previously, members of Internal Audit supported colleagues across the organisation to administer business grants on behalf of Welsh Government, linked to non-domestic properties.

Post payment verification and assurance processes for Business Grants consisted of four exercises:

- Manual system checks (open-source information)
- Electronic system checks (utilising Experian’s commercial database)
- Participant in Pilot NFI data matching exercise, working with Audit Wales and the Cabinet Office
- Participant in the national NFI data matching exercise

One thousand two hundred and fifty-six priority matches were identified for review through the above activities. Investigation Team staff have worked with the Business Rates Team, to review the matches generated.

The Investigation Team is progressing one criminal investigation at the present time.

## National Fraud Initiative (NFI)

### National Work and Outcomes

Audit Wales published the report of the Auditor General for Wales ‘National Fraud Initiative in Wales 2020-21’ on the 20 October 2022. [Link to Audit Wales Publication](#)

The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. NFI uses data sharing and matching to help confirm that services are provided to the correct people.

The cumulative total of outcomes from the NFI in Wales since NFI started in 1996 are now £49.4 million. Across the UK, the cumulative total of NFI outcomes is now £2.37 billion. It is reported that seven areas generated almost 98% of outcomes for which the number of cases and financial values are reproduced below.

Category	£	Cases
Council tax discounts	£2.6m	1,987
Blue badges	£1.4m	2,717
Housing waiting lists	£0.8m	237
Housing benefit	£0.6m	84
COVID-19 business support grants	£0.6m	43
Council tax reduction scheme	£0.2m	214
Creditor payments	£0.1m	9

*Source - The National Fraud Initiative in Wales 2020-21, Audit Wales, 2022*

### Work in Cardiff Council

The Corporate Fraud Investigation Team works closely with Audit Wales and the Cabinet Office and participates in pilot data matching exercises to assist with evaluation and proof of concept prior to National roll out.

### Current Outcomes

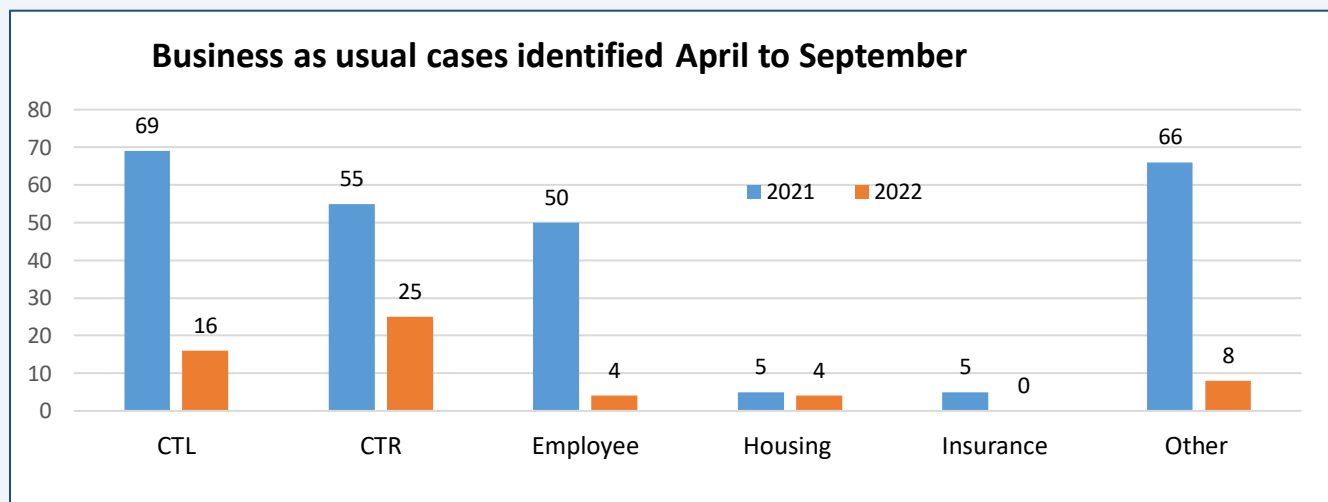
As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, payments totalling £823k were identified for further scrutiny, to date £597k has been resolved / recovered and work continues to recover the remainder.

During 2020 the team participated in a pilot exercise designed to identify fraud and error in applications for COVID-19 business support grants by verifying applicant bank details and trading status. This work contributed to the post award verification processes adopted by the Council.

During quarter two 2022 the team agreed to participate in a pilot Tenancy Fraud data matching exercise. Data has been uploaded and work on the matches commenced during October.

### 'General' Cases Identified for Investigation

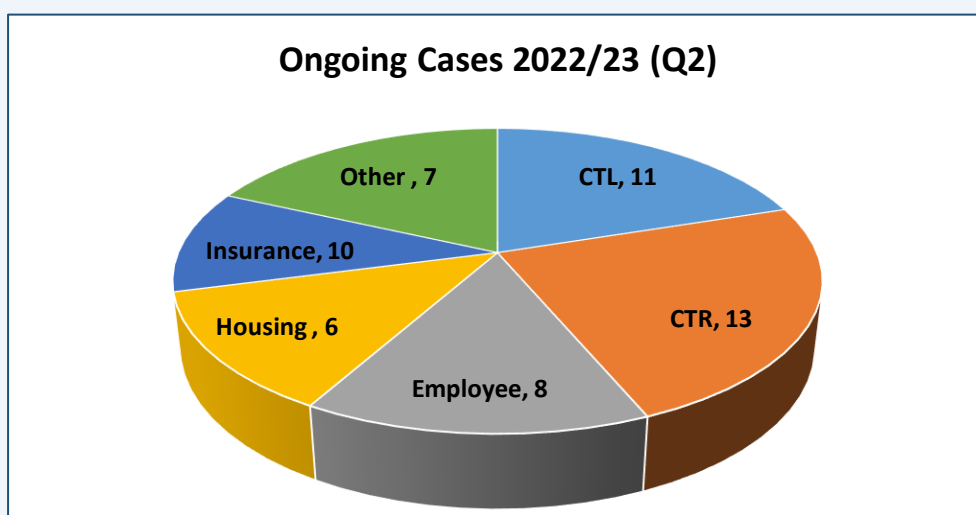
Excluding the stand-alone Business Grants work, as detailed above, fifty-seven cases have been identified for investigation so far this year, compared to two hundred and fifty for the same period last year:



The cases designated as other this year related to, four grants, one intercepted cheque, a care provider investigation, one insurance and one pension fraud.

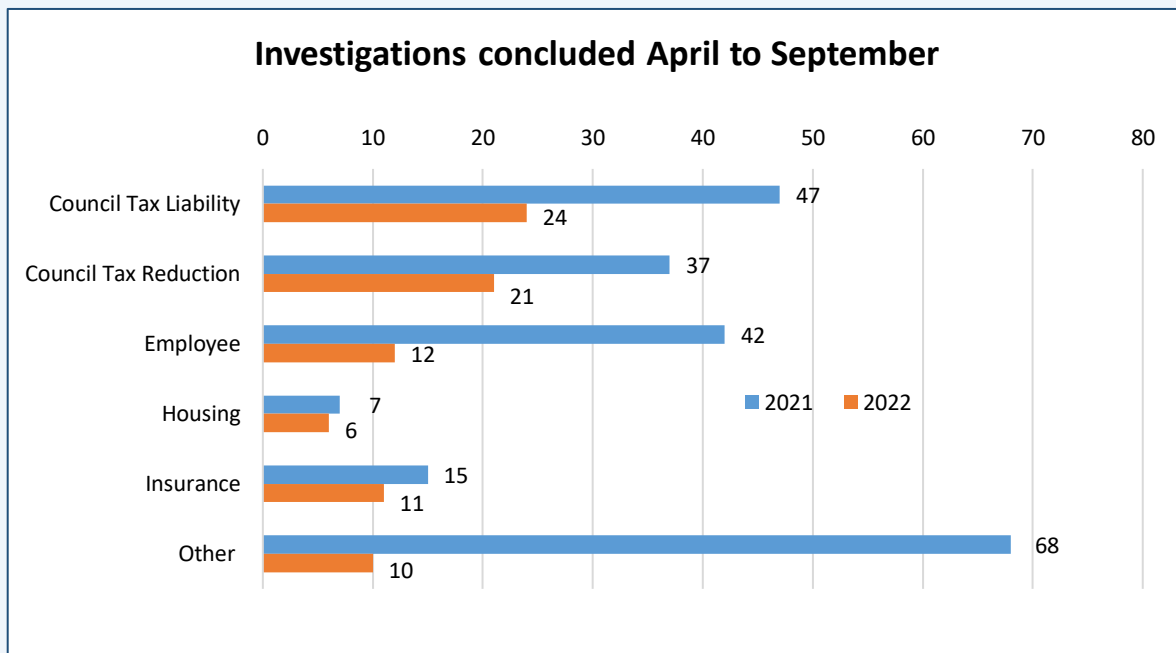
### 'General' Ongoing Cases

Excluding the stand-alone Business Grants work, there are currently fifty-five investigations ongoing, compared to one hundred and thirty-one, for the same period last year:



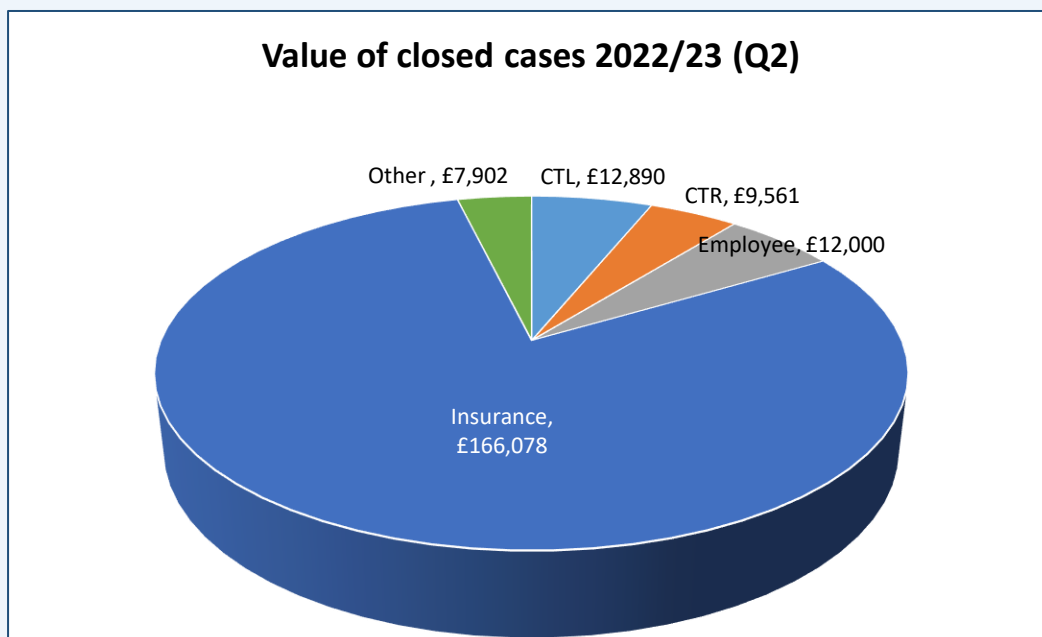
## 'General' Concluded Cases

Excluding the stand-alone Business Grants work, as detailed separately, eighty-four investigations have concluded so far this year, compared to two hundred and sixteen over the same period last year:

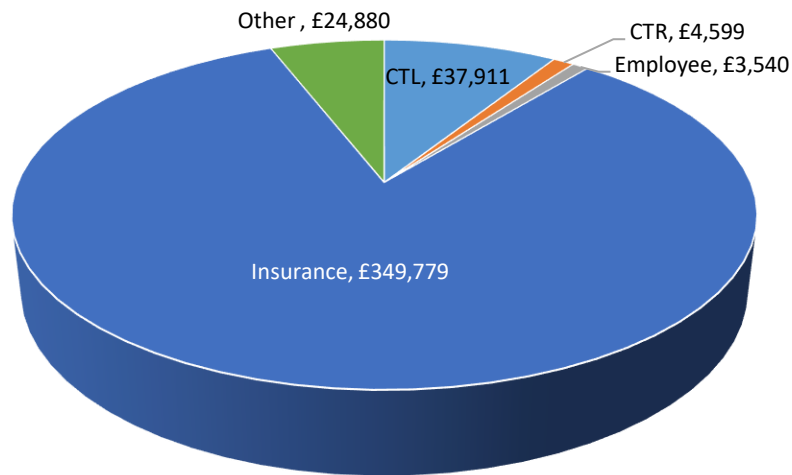


## Financial Value

Excluding the stand-alone Business Grants work, £208,431 has been attributed to concluded cases in the 2022/23 year to date, compared to £420,709 for the same period last year:



### Value of closed cases 2021/22 (Q2)



- Insurance cases relate to contrived, exaggerated, fictitious misrepresented, and staged claims.
- 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.

#### Blue Badge Update

Further to the above activities, on-street enforcement activity continues, this year thirty-six badges were seized, there are fifteen cases ongoing which are at various stages of investigation, including being prepared for / due to go to Court.