

# Counter-Fraud, Bribery & Corruption Strategy



**STRONGER  
FAIRER  
GREENER**



## Document Control

<b>Organisation</b>	Cardiff Council
<b>Title</b>	Counter-Fraud Bribery & Corruption Strategy
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<b>Owner</b>	Corporate Director Resources, Section 151 Officer
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## Revision History

<b>Revision Date</b>	<b>Revision</b>	<b>Previous Version</b>	<b>Description of Revision</b>
2019	1.0		Initial document, titled 'Counter-Fraud & Corruption Strategy'
July 2023	1.1	1.0	Incorporated content from the latest Fighting Fraud and Corruption Locally Strategy

<b>Contents</b>		<b>Page</b>
1.	Objectives	2
2.	Legal Background	5
3.	Values	8
4.	Assessing Fraud Risk	9
5.	Roles & Responsibilities	14
6.	Monitoring and Disclosures	16
7.	Fraud Response Plan	16
8.	Counter-Fraud Action Plan	17
<b>Appendices</b>		
a.	The Counter-Fraud, Bribery and Corruption Action Plan	18
b.	Glossary – Fraud Types	21
c.	A Desktop Guide to Reporting Cardiff Council Fraud, Bribery and Corruption	23

# Foreword

## **FOREWORD - TO BE PREPARED**

Councillor Huw Thomas, Leader of the Council, and Paul Orders, Chief Executive.



# 1. Objectives

This Strategy is designed to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.

## Our Principles

The strategy will support us all to better understand fraud risk, and to prevent and detect fraud more effectively. The strategic response to fighting fraud in Cardiff Council includes the following principles through which we:

- **'Govern'** with robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council.
- **'Acknowledge'** and understand fraud risks and take steps to tackle fraud through a robust anti-fraud response.
- **'Prevent'** and detect more fraud, by making good use of technology, maintaining, and enhancing fraud controls and processes and delivering an anti-fraud culture.
- **'Pursue'** through punishing fraudsters and the use of civil sanctions and recovery of losses and support to the law enforcement response.



It is advised that those tasked with administering the Strategy have also received adequate Equality/Unconscious Bias training to ensure fairness throughout the process.

## Our Targets

The Strategy is designed to support a fraud reporting culture, strong fraud awareness, assurance, and ownership within Directorates and teams.

1. **Reporting Culture** - Everyone working for / representing the Council (employees, agency workers, temporary staff, Members etc.) needs a good awareness of fraud risk and accountability for reporting, through training, communication activities and policy reviews. Members of the public must know how and when to raise concerns.
2. **Strong Assurance** - The Council's internal control systems need to provide indications of any unusual patterns of activity or events that may point to potential fraudulent activity. Fraud risks must be understood, monitored, and managed, to deliver strong council-wide assurance on fraud risk management.
3. **Ownership** - Everyone working for the Council needs to understand their personal responsibility for supporting counter-fraud risk management. Managers should consider this in Personal Review objective setting.

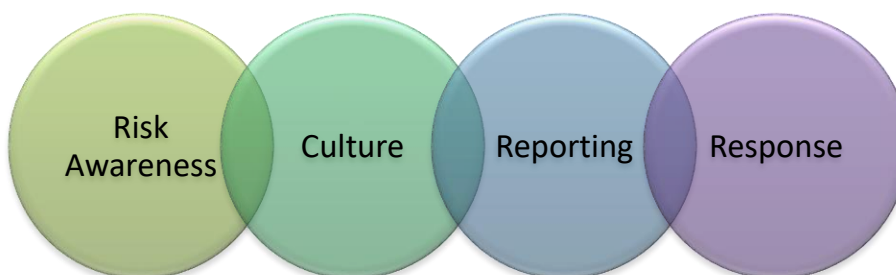
## Why is this important?

Fraud is a significant risk to the UK public sector and has far-reaching financial and reputational consequences.

**“According to the Annual Fraud Indicator 2023 published by Crowe, Peters & Peters and the University of Portsmouth. Public sector fraud losses are estimated to be £50.2bn annually, with £8.8bn of this total being lost in local government.”**

## Our Approach

The Council's approach for meeting the objectives of the strategy involves four core elements:



**Risk Awareness** - Ongoing senior management oversight and engagement in counter-fraud and corruption assessment and response. Delivery of a range of fraud awareness training and taking active steps to understand the nature and level of fraud risks. Providing managers with support in designing, operating, and reviewing internal controls and sharing knowledge of vulnerabilities and lessons learned through strong communication channels.

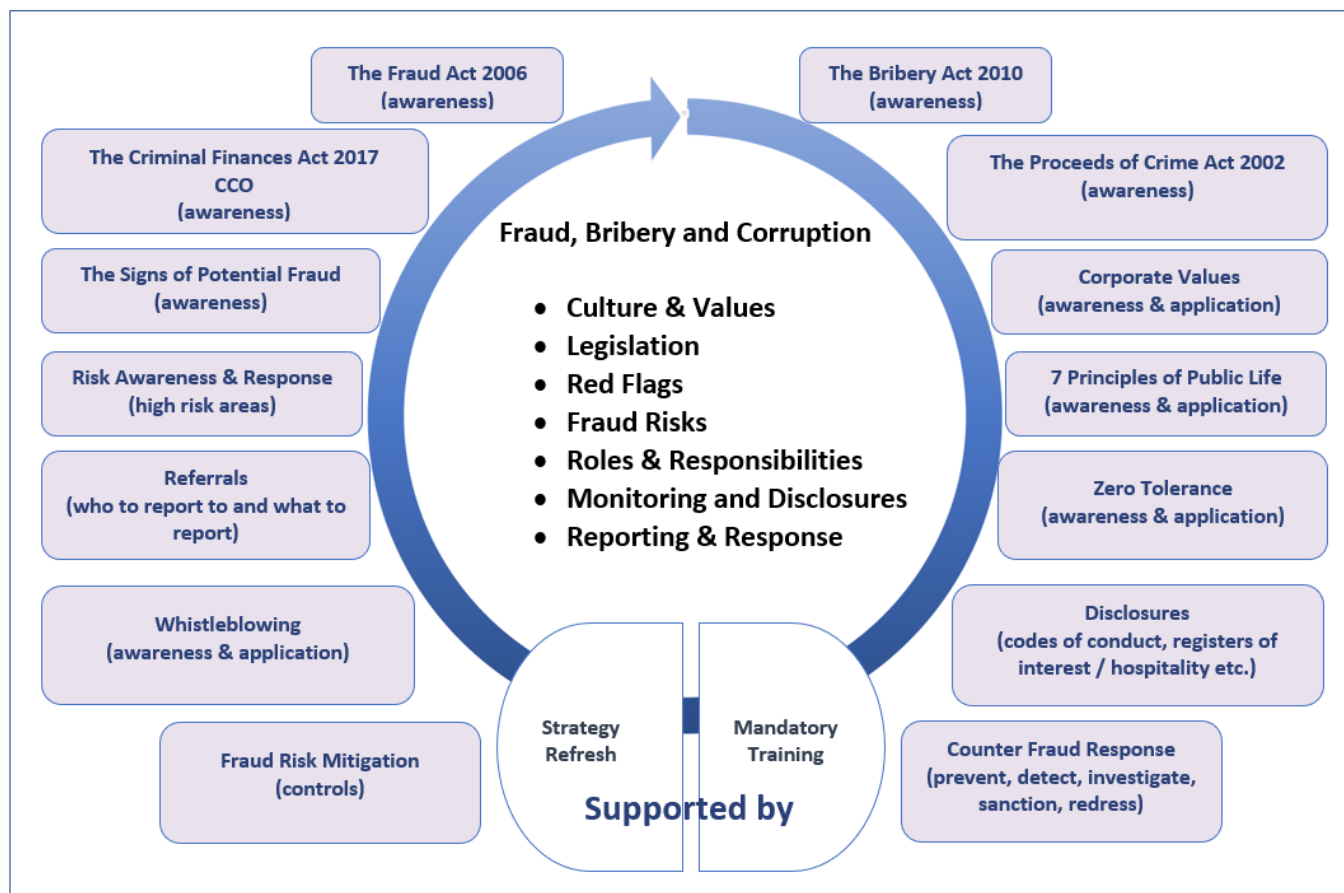
**Culture** - Supporting individuals in their responsibilities to prevent and detect fraud, through training and guidance to reinforce expectations. Communicating our attitude to fraud by raising awareness of the counter-fraud policy framework, which supports the application of clear ethical standards.

**Reporting** - Corporate measurement and reporting of fraud. Providing, effectively communicating, and promoting, a robust process for reporting suspicions of fraud.

**Fraud response** - Responding to fraud effectively through a comprehensive fraud response plan, developing capability and capacity to investigate fraudsters and delivering a collaborative and supportive response.

## How we will deliver the strategy

Awareness, support, and training for ALL officers to understand and apply a strong counter-fraud culture. The Counter-Fraud Action Plan, which sets out the calendar of key activities planned for each financial year, is included in Appendix A.



## 2. Legal Background

There are a number of pieces of legislation in place that we need to be aware of and ensure we adhere to, which are summarised below:

### Welsh Language Standards

Local authorities in Wales have a statutory duty to comply with the Welsh Language Standards that explain how they as organisations should use the Welsh language in different situations.

The 'Welsh Language Standards' ensure that the Welsh language is treated no less favourably than the English language in all Council services.

Members of the public have a legal right to receive services from the Council in English or Welsh according to their choice. Staff also have the right to receive certain information from their employer in Welsh.

Arrangements are in place to communicate with individuals and progress fraud issues and concerns in other languages as required.

### Fraud

**The Fraud Act 2006** focusses on dishonest behaviour, with the intent to make a gain either for yourself or another; to cause a loss to another; or expose another to a risk of a loss. A person does not have to actually benefit from the fraud to be guilty of the offence.

The offence of fraud can be committed in three ways, which are summarised below:

- ⊘ **Fraud by false representation** - lying or misleading someone in order to make a gain or cause a loss.  
*E.g. falsifying information in a job application form.*
- ⊘ **Fraud by failing to disclose information** - not stating something you have a legal duty to disclose.  
*E.g. failing to declare a conviction, disqualification, or commercial interest.*
- ⊘ **Fraud by abuse of a position** - abusing a position where there is an expectation to safeguard the financial interests of another person or organisation.  
*E.g. abusing access to monies or using commercially confidential information to make a personal gain or cause a loss.*

**Fraud** - Offences under the Fraud Act 2006 occur where the act or omission is committed dishonestly and with intent to cause gain or loss. The gain or loss does not have to succeed.

Successful prosecutions under the Fraud Act 2006 may result in an unlimited fine and/or a potential custodial sentence of up to 10 years.



## **Bribery and Corruption**

Bribery and Corruption is covered by specific pieces of legislation:

**The Bribery Act 2010** has made it a criminal offence to:

- Ø **Offer, promise, or give a financial or other advantage to another person, and/or**
- Ø **Request, agree to receive, or accept a financial or other advantage, as an inducement or reward for the improper performance of duties.**

The Act contains further offences for commercial bribery; an offence relating to bribery of a foreign public official in order to obtain or retain business or an advantage in the conduct of business; and a form of corporate liability for failing to prevent bribery on behalf of a commercial organisation.

**Bribery** is generally defined as: an inducement or reward offered, promised, or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage. Under the Bribery Act 2010, bribery is a series of specific offences.

A conviction under the Bribery Act 2010 may ultimately result in an unlimited fine and/or a custodial sentence of up to 10 years imprisonment.

**Corruption** is generally considered as an “umbrella” term covering various activities such as bribery, corrupt preferential treatment, kickbacks, cronyism, theft, or embezzlement.

A bribe does not have to be in cash; it may be the awarding of a contract, the provision of gifts, hospitality, sponsorship, the promise of work or some other benefit. The persons making and receiving the bribe may be acting on behalf of others – under the Bribery Act 2010, all parties involved may be prosecuted for a bribery offence.

### **Proceeds of Crime Act 2002:**

The Act can be used for recovering criminal assets. Criminal confiscation is the most commonly used power, and this occurs after a conviction has taken place. The Act was introduced to deny criminals the use of their assets, to recover the proceeds of crime and to ‘disrupt and deter’ criminality.

### **Misconduct in Public Office:**

A common law offence for which the elements are:

- a) A public officer acting as such;
- b) Wilfully neglects to perform his duty and/or wilfully misconducts himself;
- c) To such a degree as to amount to an abuse of the public's trust in the office holder; and
- d) Without reasonable excuse or justification.

This offence carries a maximum sentence of life imprisonment and should be reserved for cases of serious misconduct or deliberate failure to perform a duty, likely to injure the public interest. Dishonesty or corrupt behaviour are not essential elements of the offence.

### **Criminal Finances Act 2017:**

The Act introduces a responsibility to have policies and procedures to prevent a UK tax evasion facilitation offence.

The offence created under the Act is called the **Corporate Criminal Offence ("CCO")** and is not the committing of tax evasion itself, but a "failure to prevent". The Council has a responsibility to put in place procedures to prevent tax evasion being facilitated by its employees, elected members, suppliers, and agents.

This strategy has been written to include, so far as is reasonable, preventative procedures in relation to the Corporate Criminal Offence, pursuant to section 45(2) of the Criminal Finances Act 2017.

### **Economic Crime and Corporate Transparency Bill:**

The Bill is currently progressing through the House of Lords and follows on from recommendations made by the Law Commission's 2022 review of corporate criminal liability and includes an amendment to introduce a failure to prevent fraud offence.

If fraud is committed by an employee of an organisation, the organisation must be able to demonstrate it had reasonable measures in place to deter the offending or risk receiving an unlimited fine.

### **Other relevant legislation**

#### **Serious Crime Act 2015:**

The Serious Crime Act gives effect to a number of legislative proposals in relation to serious and organised crime. In doing so, it builds on current law to ensure that the relevant bodies have the powers they need to effectively and relentlessly pursue, disrupt, and bring to justice serious and organised criminals.

#### **The Public Contracts Regulations 2015:**

Where a contracting authority has knowledge that a company or its representatives have been convicted of a corruption offence, they should be treated as ineligible (debarred) to participate in the tendering process.

Companies cannot be permanently debarred, but instead will face a term of debarment, dependent on the case, that can be no longer than five years from the date of the conviction.

### 3. Values

#### General Integrity and Ethical Values

The Council has a strong commitment to integrity, ethical values, and the law, through the Council's Corporate Values, Constitution, and supporting policies and procedures:

- **Corporate Values** - guide the workforce and communicate expectations to our stakeholders on conduct and behaviour.
- **Induction and Training Processes** - are in place for all Officers and Members to ensure awareness and understanding on a range of policies, procedures, and regulations.
- **Statutory Roles** - which include the Section 151 Officer, who has overall responsibility for the financial administration of the Council and the Monitoring Officer, who has overall responsibility for the lawfulness of Council decision making and supporting the work of the Standards & Ethics Committee in relation to standards of conduct.
- **The Standards and Ethics Committee** - responsible for promoting and maintaining high standards of conduct within the Council and monitors and scrutinises the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services.
- **A Whistleblowing Policy** - encourages staff and contractors to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest).
- **Zero Tolerance attitude to fraud, bribery, and corruption** - requires Officers and Members to act honestly and with integrity at all times, and to promptly report concerns.

#### Zero Tolerance to Fraud

The Council requires Officers, Members, and those we engage with, to act honestly and with integrity at all times. Zero tolerance is given to those committing or attempting fraudulent or corrupt acts (including bribery) inside and/or outside of the Council, through:

- Acting robustly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution etc;
- Taking action to recover any losses through fraud, bribery, and corruption e.g. through agreement, Court action, penalties, insurance etc;
- Having sound internal control systems, which allow for innovation, whilst limiting opportunities for fraud, bribery, and corruption; and
- Optimising the publicity opportunities associated with anti-fraud and corruption activity within the Council and where appropriate, publishing the results of any action taken, including prosecutions, in the media.

## 4. Assessing Fraud Risk

Cardiff Council relies upon proactive and reactive work across the Council in order to effectively prevent and detect fraud.

The first line of defence is the internal control environment within each directorate, in which there needs to be a culture of accountability, a zero tolerance to fraud, supported by a robust application of controls, to prevent fraud and a reporting culture for any concerns.

Awareness and training are essential to ensure a council-wide response to counter-fraud. A corporate approach to awareness and training is programmed in the Counter-Fraud Action Plan (see Appendix A).

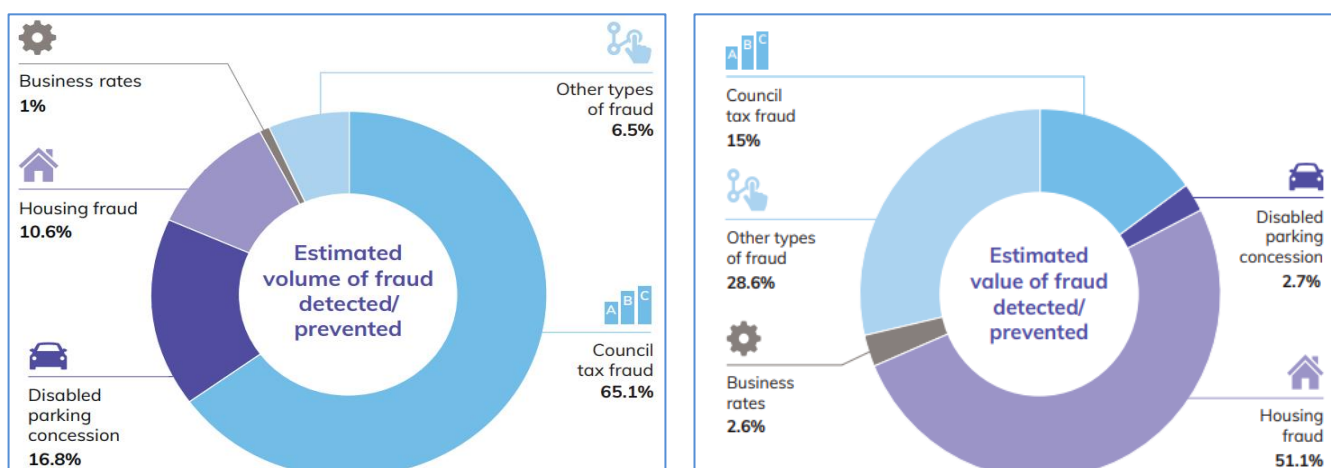
Central resources are targeted to the highest risk fraud areas, and the starting point for the risk assessment is national intelligence and data on fraud levels across local authorities. The annual CIPFA fraud and corruption tracker provides insight on the levels of fraud identified in UK local authorities and wider public services.

The most recent data on the relative proportions of detected local authority fraud by volume is shown below. The associated fraud risk descriptions are included in the glossary in Appendix B.

The following pages explain the process that is followed to develop the fraud risk assessment, starting with national data and intelligence, and then integrating Council intelligence. This strategy and the associated activities included in the Counter-Fraud Action Plan, are focussing greater attention to an organisation-wide fraud risk awareness, and the reporting of suspicions and concerns from all levels of the organisation.

### National Trends & Intelligence CIPFA Fraud and Corruption Tracker National Report 2020

#### I. Estimated fraud in UK Local Authorities – volume and value



• £122.4m Housing fraud	• £35.9m Council tax fraud	• £6.2m Business rates
• £68.5m Other types of fraud	• £6.4m Disabled parking	

The 'other' types of fraud (6.5% of estimated volume) comprised the following, shown in order of frequency across UK local authorities, ordered from most frequent to least.

## II. Notable 'other' types of fraud in UK Local Authorities in 2019/20

Notable 'other' types of fraud	Estimated value 'overall'	Estimated value 'per fraud'
Adult Social Care	£8.2m	£17.8k
Children's Social Care	£0.4m	£9.9k
Debt	£0.3m	£27.5k
Economic and voluntary sector support & debt fraud	£0.1m	£25k
Grant	£36.6	£227k
Insurance fraud	£3.9m	£11.3k
Mandate fraud	£9.4m	£27.2k
No recourse to public funds / welfare assistance fraud	£2.4m	£11.1k / £0.7k
Payroll, recruitment, expenses, and pension fraud	£0.8m	Payroll - £2.6k Recruitment - £4.8k Expenses - £1.7k Pensions - £13.3k
Procurement fraud	£1.5m	£16.7k
School fraud (excl. transport)	£0.2m	£1.1k
School transport	£0.2m	£32.7k

CIPFA, Fraud and corruption tracker 2020

The Council uses its awareness of national fraud risk trends in local authorities and wider public services, to understand the growing areas of fraud and to consider the conditions in which fraud could take place. This knowledge is used to inform management activities, Internal Audit testing, and the focus of the Corporate Fraud Investigation Team.

The value of actual fraud identified in Cardiff Council through fraud investigations, is monitored, recorded, and reported to each of the five Governance and Audit Committee meetings held each year.

### Council Intelligence

The Council uses a number of sources of intelligence to identify its fraud risk, which build upon the national intelligence data that we receive. The Corporate Fraud Investigation Team uses the following primary means to identify its fraud risk assessment of the Council.



Building on national intelligence sources, four principal areas are used to further refine the understanding of, and response to fraud risk, as follows:

### **1. Internal Control Environment (*Management and Internal Audit Assurance*)**

Managers at all levels are responsible for ensuring that systems and processes in place minimise fraud risk and are operating as they should. Managers are responsible for installing and monitoring strong physical and system controls to prevent fraud risks, and for effective mechanisms to detect and respond to potential fraud. Management monitor the controls in place to manage fraud risk, allegations of fraud, and other intelligence or red flags for fraud. This intelligence should inform their management risk assessments quarterly and assurance statements twice a year in respect of the prevention and detection of fraud.

Internal Audit provides independent assurance on the operation of internal controls. The Internal Audit plan is responsive to fraud risk, with national data and intelligence used to inform an inherent risk assessment, which is further refined by additional sources of assurance. High fraud risk areas (e.g. Council Tax, Business Rates and Housing) are subject to regular systematic audits, as are the areas of 'other' fraud (as categorised above). Audit test programmes assess the risk of fraud and the effectiveness of key controls to mitigate fraud. The work of audit provides a secondary assessment of the fraud risk.

The full Senior Management Team participate in a coordinated assessment and response to the CIPFA Fraud and Corruption Tracker annually (or as frequently as the scheme is run), and this informs updates to risk registers and relevant management actions as appropriate.

### **2. Data Matching and Analysis**

There are a number of activities in place to identify fraud risk through data analysis and data matching. Core financial systems use a range of methods to identify the risk of fraud, with mechanisms in place for assurance in key areas of high value transactions such as procurement and payroll.

The Council works with Audit Wales and the Cabinet Office to undertake data matching exercises in order to identify potential frauds and irregularities, and works with other local authorities to share intelligence and best practice. The data matching and analysis intelligence further informs the fraud risk assessment, whilst also leading to proactive fraud detection activities.

### **3. Whistleblowing**

The Council's [Whistleblowing Policy](#) is a means through which those working for, or with us, can make a disclosure in the public interest, and this may relate to an allegation of fraud or financial impropriety. Workers are often the first to realise that there may be something significantly wrong within the Council. The Council is committed to the highest possible standards of openness, probity, and accountability. In line with that commitment, we expect workers, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns, with the assurance that they may do so without any fear of reprisal.

#### 4. Strategy, Policies, Training and Awareness

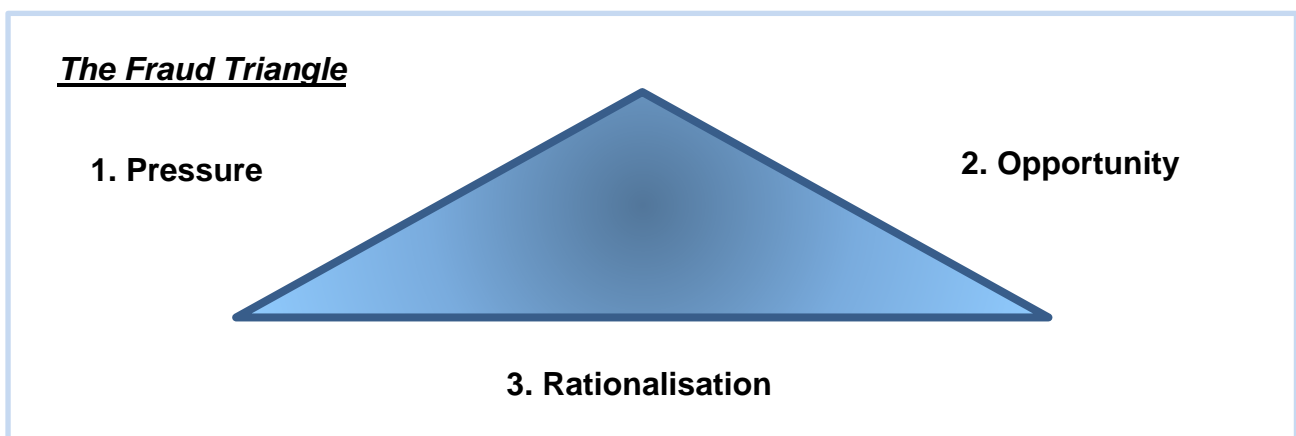
The Council's counter-fraud, bribery and corruption strategy, associated policies and training and awareness campaigns are designed to support the Council to meet a range of counter-fraud and corruption compliance responsibilities. Awareness and engagement campaigns across the organisation target general and focussed areas of counter-fraud compliance and control to support a risk aware and responsive culture.

In recent years, training has been developed and delivered on risk awareness across the organisation and procedures have been developed and updated. These include Corporate Criminal Offence and Anti-Money Laundering responsibilities, for which key points of emphasis are included below:

- Anti-Money Laundering - In line with the Council's Anti-Money Laundering Policy, before establishing a client relationship or accepting an engagement, the Council will put controls in place to address relevant risks. It is important that the Council is aware of whom it is transacting with, including the structure of relevant entities, so all beneficiaries are appropriately disclosed/identified. A 'Due Diligence and Know Your Customer Procedure' sets out the process that must be followed, and the circumstances in which 'Customer Due Diligence Forms' must be completed, and disclosures are to be made. An eLearning Module has been developed to support compliance and control.
- Corporate Criminal Offence - CCO is an offence for the failure to prevent the facilitation of tax evasion in HMRC-administered taxes. Often there is no dividing line between the measures in tax-compliance policies and in policies to counter tax fraud. However, the Council's tax-compliance policies have the effect of countering potential tax fraud and implementing CCO compliance.

#### The Right Conditions for Fraud

A concept known as the fraud triangle refers to a 'perfect storm' where the following three elements, leading to fraud, coincide. At the same time as upholding our own corporate values, we need to be alert to the presence of these conditions in others, and to work on reducing the elements which are in our control as colleagues and managers.



Concept developed in 1950s by Criminologist Dr Donald Cressey.

1. **Pressure or motivation** to commit fraud can come from a range of sources e.g. a detrimental change to an individual's personal financial situation.
2. **Opportunity** to commit fraud generally results from poor controls in place within directorates i.e. failing to put in place measures to prevent attempted fraudulent acts. It is the responsibility of managers in the first instance to install and monitor effective controls, with all employees expected to report any concerns they have.
3. **Rationalisation** is the justification that a person has to commit fraud. If the right culture and values are upheld, then regardless of the above two elements, people will not commit fraud.

### **Red Flags for Fraud**

There are a number of behavioural characteristics, which may alert us to a greater risk of fraud. These are known as 'Red Flags', and we are all responsible for keeping alert to the presence of these behavioural characteristics in those that we work with, and reporting concerns to our line manager, where appropriate, and to the Audit Manager.

The Association of Certified Fraud Examiners in its 12<sup>th</sup> edition of the largest global study on occupational fraud, Occupational Fraud 2022: [A Report to the Nations](#) identified behavioural red flags that many fraud perpetrators exhibit as follows:

- Ø Living beyond one's means
- Ø Financial difficulties
- Ø An unusually close association with a vendor or customer
- Ø Control issues, unwillingness to share duties
- Ø Irritability, suspiciousness, or defensiveness
- Ø Bullying or intimidation
- Ø Divorce/family problems
- Ø Wheeler-dealer attitude
- Ø Excessive pressure from within organization
- Ø Addiction problems
- Ø Complained about inadequate pay
- Ø Refusal to take holidays
- Ø Social isolation
- Ø Past legal problems
- Ø Complained about their lack of authority
- Ø Other employment-related problems
- Ø Excessive family/peer pressure for success
- Ø Excessive tardiness or absenteeism
- Ø Instability in life circumstances
- Ø Excessive internet browsing

A fraudster living beyond their means is the most common red flag by a sizable margin. This has ranked as the number 1 red flag in every study since 2008.



## System / Data 'Red Flags'

Inventory shrinkage	Missing documents	Multiple payments
Spikes in invoice volume	Frequent complaints	Excessive number of adjusting entries

## 5. Roles and Responsibilities

Cardiff Council recognises the threat of fraud and corruption, and the harm they can cause to our organisation, our aims and objectives, and our service users.

It is important that we all recognise our personal accountability for managing the risk of fraud, bribery, and corruption. To be able to 'acknowledge', 'prevent' and 'pursue' potential instances of fraud we need to work together, and each understand the active role we must play. Our primary responsibilities for supporting a counter-fraud culture are included below.

To maintain and enhance the Council's counter-fraud arrangements, a counter-fraud oversight board is being established with representation from key members of the Senior Management Team, and lead Council officers.

The Board's overall responsibility will be to provide strategic direction, oversight and review of the Council's counter-fraud arrangements, approach, and governance. An appropriate work programme will be developed accordingly.

Roles	Primary Responsibilities
All Employees	<ul style="list-style-type: none"> <li>• Complete all mandatory training;</li> <li>• Uphold strong standards of conduct and compliance;</li> <li>• Maintain physical and system controls to prevent and detect fraud;</li> <li>• Keep aware of fraud risks and report suspicions.</li> </ul>
Members	<ul style="list-style-type: none"> <li>• Complete all mandatory training;</li> <li>• Uphold strong standards of conduct and compliance;</li> <li>• Support a reporting culture and take appropriate action;</li> <li>• Reinforce a culture of accountability and 'zero tolerance' to fraud.</li> </ul>
Managers	<ul style="list-style-type: none"> <li>• Complete all mandatory training;</li> <li>• Uphold strong standards of conduct and compliance;</li> <li>• Maintain physical and system controls to prevent and detect fraud;</li> <li>• Regularly assess, monitor, and manage fraud risks;</li> <li>• Support a reporting culture and take appropriate action;</li> <li>• Reinforce a culture of accountability and 'zero tolerance' to fraud.</li> </ul>
Section 151 Officer	<ul style="list-style-type: none"> <li>• Oversee Counter-Fraud activities across the Council;</li> <li>• Make arrangements for the proper administration of financial affairs;</li> <li>• Authorise the investigation of potential financial irregularities.</li> </ul>
Monitoring Officer	<ul style="list-style-type: none"> <li>• To ensure the lawfulness of Council decision making and support the work of the Standards &amp; Ethics Committee in promoting and maintaining high standards of conduct within the Council.</li> </ul>

Audit Manager	<ul style="list-style-type: none"> <li>• Counter-Fraud Lead / Champion for corporate communication and risk assessment exercises, initiatives and reporting;</li> <li>• Promote awareness of fraud, bribery, and corruption within the Council, inform process improvements and drive cultural change.</li> </ul>
Internal Audit Team	<ul style="list-style-type: none"> <li>• Develop and deliver a risk-based audit plan to provide assurance on effective financial management and sound systems of internal control;</li> <li>• Evaluate the risk of fraud, and the systems and controls in place to prevent and detect fraud.</li> </ul>
Internal Audit – Corporate Fraud Investigation Team	<ul style="list-style-type: none"> <li>• Provide advice and support to the Section 151 Officer and assurance that suspicions of fraud, bribery and corruption are dealt with in an effective, efficient, and consistent manner;</li> <li>• Work closely with Directorates where fraud or financial impropriety is suspected;</li> <li>• Provide professional advice and support to Investigating Officers;</li> <li>• To lead investigations as appropriate;</li> <li>• Develop and deliver the Counter-Fraud Action Plan.</li> </ul>
Counter-fraud Oversight Board	<ul style="list-style-type: none"> <li>• To provide strategic direction, oversight and review of the Council’s counter-fraud arrangements, approach, and governance.</li> </ul>
Governance and Audit Committee	<ul style="list-style-type: none"> <li>• To monitor the Counter-Fraud Strategy, actions and resources;</li> <li>• To review the assessment of fraud risks and potential harm to the council from fraud and corruption.</li> </ul>
<i>Dedicated Investigation roles</i>	<i>NB – this Strategy outlines the roles and responsibilities to support a council-wide approach to Counter-Fraud. The specific roles in respect of investigations are included in associated policies.</i>

## Reporting Culture

Through your day-to-day work, you are in the best position to recognise specific risks within your areas of responsibility, or those working closely with you. Where you believe the opportunity for fraud, corruption or bribery exists, whether because of poor procedures or oversight, you should report in accordance with the following simple steps.

If you believe you have identified potential fraud:

1. Report the matter to your line manager as soon as possible. Line managers should attempt to establish as many details as possible (through discussion with the notifying officer only).  
OR
2. If the concern relates to your line manager, report the matter direct to the Audit Manager (Chris Pyke) or the Section 151 Officer (Christopher Lee).
3. Following any notification of fraud, financial impropriety or irregularity, Management should in the first instance, send an email to the Corporate-Fraud Investigation Team [fraud@cardiff.gov.uk](mailto:fraud@cardiff.gov.uk) summarising the allegation(s), including as much detail as possible.

NB. Key Contact information is included in Appendix C, and the investigation process is included in the Council’s Counter-Fraud, Bribery, and Corruption Policy.

## Further Reporting Mechanisms:

[Whistleblowing Policy](#) [Tenancy fraud](#) [Benefit Fraud](#) [Scams online](#) [Fraud online](#)

- Audit Wales Whistle blowers' Hotline 029 20 320 522 [whistleblowing@audit.wales](mailto:whistleblowing@audit.wales)
- Public Services Ombudsman for Wales 0300 790 0203 [ask@ombudsman.wales](mailto:ask@ombudsman.wales)
- Protect (previously Public Concern at Work) 020 3117 2520

## 6. Monitoring and Disclosures

The Council requires a number of disclosures to be made for transparency and accountability, and to reinforce its counter-fraud culture. The primary policies in which disclosures are required relate to:

- Codes of Conduct (*Officers and Members*)
- Registers of Interest
- Register of Gifts and Hospitality

In upholding strong standards of conduct and compliance, it is vital that we work in accordance with the full requirements of these policies and codes. All relevant personal interests, and gifts and hospitality received, need to be fully disclosed in accordance with the respective policies.

## 7. Fraud Response Plan

The Council's approach to counter-fraud includes a number of proactive and responsive elements.

### Proactive

- Developing a counter-fraud culture to increase resilience to fraud;
- Preventing fraud through the implementation of appropriate and robust internal controls and security measures;
- Using techniques such as data matching to validate data and identifying anomalies;
- Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters; and
- Ensuring suppliers adhere to the Council's Suppliers' Code of Conduct.

### Responsive

- Detecting fraud through data and intelligence analysis;
- Implementing effective whistleblowing arrangements;
- Reporting tax non-compliance and fraud to HMRC;
- Investigating fraud referrals;
- Applying sanctions, including internal disciplinary, regulatory, and criminal; and
- Seeking redress, including the recovery of assets and money, where possible.

The Council has a Counter-Fraud Plan in place as part of its Counter-Fraud Policy Framework as summarised below.

### **Counter-Fraud Strategy, Policy, and Document Framework**



Each of the above documents supports the Council to achieve one or more of its Counter-Fraud objectives as follows:

- ‘**Govern**’ with embedded anti-fraud, bribery, and corruption measures;
- ‘**Acknowledge**’ and understand fraud risks;
- ‘**Prevent**’ and detect more fraud; and
- ‘**Pursue**’ and punish fraudsters.

These core documents need to be robustly applied and adhered to by all of us.

Included in Appendix C is a desktop guide for wide publicity and use across the Council.

## **8. Counter-Fraud Action Plan**

The Audit Manager will produce a Counter-Fraud Action Plan on an annual basis to summarise the key Counter-Fraud work and initiatives scheduled for the financial year.

The Counter-Fraud Oversight Board and the Governance and Audit Committee will oversee the delivery of Counter-Fraud activities.

## The Counter-Fraud, Bribery and Corruption Action Plan

Ref.	Action Required	Target Timescale	Comments (where applicable)
<b>Oversight arrangements</b>			
1.	<p><b>Counter-Fraud Oversight Board</b> The Board's overall responsibility will be to provide strategic direction, oversight and review of the Council's counter-fraud arrangements, approach, and governance. To meet quarterly</p>		To provide strategic direction, oversight and review of the Council's counter-fraud arrangements, approach, and governance
<b>Anti-fraud and Corruption Policies Updates (<i>Primary Policies</i>)</b>			
2.	<p><b>Counter-Fraud, Bribery and Corruption Strategy</b> Strategic priorities, approach, responsibilities, and actions</p>	Review every two years	<p>Counter-Fraud Strategy, Policies and Procedures shall be kept under review by the Audit Manager who shall have authority, in consultation with the Corporate Director Resources and Portfolio Cabinet Member, to make any minor amendments to ensure they remain effective and up to date.</p> <p>Material and strategic updates are to be approved by Cabinet after consideration by the Governance and Audit Committee</p>
3.	<p><b>Counter-Fraud, Bribery and Corruption Policy</b> Review and update the policy that guides the approach to preventing fraud, bribery, and corruption, managing CCO responsibilities, and managing suspected cases</p>	Review every two years	
4.	<p><b>Fraud Response Plan</b> Review and update the approach followed in the event of suspicions of fraud, bribery, and corruption, and CCO responsibilities</p>	Review every two years	
5.	<p><b>Anti-Money Laundering Policy and Procedure</b> Review and update the policy that provides guidance, obligations, and reporting arrangements</p>	Review every two years	
6.	<p><b>Whistleblowing Policy</b> Review and update to ensure it meets best practice</p>	Regular review (directed by Monitoring Officer.)	
7.	<p><b>Sanction Procedure</b> Review and update the procedure that provides guidance on a decision to prosecute an individual in respect of a criminal investigation case</p>	Review every two years	

Ref.	Action Required	Target Timescale	
<b>Participation in Networks and Information Reviews</b>			
8.	<b>Fraud Network</b> Attend meetings and correspond with Chief Auditors, Investigators, and other like-minded professionals/relevant groups	Ongoing	To ensure we are up to date with national and regional attempted and committed frauds, and trends and intelligence
9.	<b>Counter-Fraud and Corruption Review</b> All Directorate Management Teams to participate in a coordinated assessment and response to an annual exercise, and to update risk registers and actions as appropriate.	Annually	The tracker is based on an annual survey created by CIPFA and has been designed to provide a council-wide view of the risk of fraud and corruption across the organisation, for management information and assurance. It complements the senior management assurance statement and risk register processes.
10.	<b>Senior Management Assurance Statements - Review</b> The counter-fraud oversight board will commission relevant reviews where considered required on the Directorate assurance statements in respect of the prevention and detection of fraud.	When directed by the counter-fraud oversight board	Senior Management Assurance Statements (SMAS) are used to assess governance maturity in application of the 'Delivering Good Governance in Local Government' framework. Each Director responds to 28 good governance statements using a 5-point maturity scale for their areas of responsibility.

Ref.	Action Required	Target Timescale	
11.	<p><b>Directorate Risk Register – Review</b></p> <p>The counter-fraud oversight board will commission relevant reviews where considered required on the Directorate risks relating to fraud, bribery, and corruption.</p>	When directed by the counter-fraud oversight board	The corporate risk register is formally reviewed and updated on a quarterly basis. Senior Managers are supported to identify and report risks at the right level in a timely manner. Through the process of risk escalation, Directors communicate significant risks to SMT to raise collective awareness and support. The Audit Manager attends SMT to present on Counter-Fraud, Bribery, and Corruption matters.
<b>Training and Awareness Raising</b>			
12.	<p><b>Fraud Awareness Training</b></p> <p>Promote and maintain mandatory eLearning training module across the council and deliver face to face training for non-PC users.</p>	Ongoing	eLearning modules are available for all PC users. Training will be provided to line managers of non PC users to enable face to face training to be cascaded.
13.	<p><b>Training/communication sessions</b></p> <p>Participate in International Fraud Awareness Week in November each year, working with the Council’s Communications Team.</p>	Ongoing	To promote an anti-fraud culture and awareness raising at a local level.
<b>Data Analytics &amp; Proactive Fraud Reviews</b>			
14.	<p><b>National Fraud Initiative</b></p> <p>Participate in the data matching exercise on an ongoing basis to assist in the prevention and detection of fraud.</p>	Ongoing	The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.
15.	<p><b>Internal Audit Plan and Review</b></p> <p>The Internal Audit Plan is informed by CIPFA intelligence of local authority fraud risks, and wider organisation risks and information. The team actively reviews the effectiveness of controls in place to prevent and detect fraud, as part of their ongoing programme of work.</p>	Ongoing	



## Glossary – Fraud Types

Based on the CIPFA Fraud and Corruption Tracker 2020

<p><b>1. Adult social care fraud</b></p> <p>Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse. Investigations may cover cases where:</p> <ul style="list-style-type: none"> <li>• direct payments were not being used to pay for the care of the vulnerable adult.</li> <li>• care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.</li> </ul>
<p><b>2. Blue Badge fraud</b></p> <p>The Blue Badge is a Europe-wide scheme entitling holders of the permit to parking concessions. This scheme is locally administered, and badges issued to those with disabilities so they can park nearer to their destination. At present, a badge issued to a deceased person is classified as fraudulent, even if it is not being used for fraudulent purposes.</p>
<p><b>3. Business rates fraud</b></p> <p>Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate evasion and avoidance. Business rate fraud may include the fraudulent applications for exemptions and reliefs and unlisted properties, and fraud staff may be used to visit properties in question.</p>
<p><b>4. Cautions</b></p> <p>Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.</p>
<p><b>5. Council tax fraud</b></p> <p>Council tax fraud is split into three sections:</p> <ul style="list-style-type: none"> <li>• <b>Council tax single person discount</b> – where the liable party claims to be the only adult resident and receives a 25% discount, when in fact other adults reside in the property.</li> <li>• <b>Council tax reduction support</b> – where the recipient fails to correctly declare their circumstances.</li> <li>• <b>Other types of council tax fraud</b> – e.g., claims for exemptions or discounts to which the council tax payer has no entitlement.</li> </ul>
<p><b>6. Debt fraud</b></p> <p>Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.</p>
<p><b>7. Disciplinary outcomes</b></p> <p>Disciplinary outcomes relate to the number of instances where, as a result of an investigation by a fraud team, disciplinary action is undertaken, or where, a subject resigns during the disciplinary process.</p>
<p><b>8. Economic and voluntary sector (grant fraud)</b></p> <p>This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.</p>
<p><b>9. Housing fraud</b></p> <p>Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principal home, abandonment, and right to buy.</p>
<p><b>10. Insurance fraud</b></p> <p>Insurance fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.</p>



<p><b>11. Mandate fraud</b></p> <p>Action Fraud define mandate fraud as “when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier”.</p>
<p><b>12. Manipulation of data fraud</b></p> <p>The majority of manipulation of data frauds relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.</p>
<p><b>13. No recourse to public funds fraud</b></p> <p>No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.</p>
<p><b>14. Organised crime</b></p> <p>The widely used definition of organised crime is one planned, co-ordinated, and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain.</p>
<p><b>15. Payroll fraud</b></p> <p>Payroll fraud covers a wide range of areas such as ghost employees on the payroll, diversion of payments into fraudulent accounts, employees set up to receive higher salaries than they are entitled to by either grade or hours worked and false overtime claims.</p>
<p><b>16. Procurement fraud</b></p> <p>This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the ‘purchase to pay’ or post contract procedure, including contract monitoring.</p>
<p><b>17. Recruitment fraud</b></p> <p>Recruitment fraud includes applicants providing false CVs, job histories, qualifications, references, immigration status (ie the right to work in the UK) or the use of a false identity to hide criminal convictions or immigration status.</p>
<p><b>18. Right to buy</b></p> <p>Right to buy is the scheme that allows tenants who have lived in their properties for a qualifying period the right to purchase the property at a discount.</p>
<p><b>19. Tax</b></p> <p>Tax fraud is a deliberate attempt not to pay the tax that is due. This type of fraud is typically against the payment of corporation tax, income tax, VAT, and landfill tax, but includes all taxes and duties administered by HM Customs and Excise.</p>
<p><b>20. Welfare assistance</b></p> <p>Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.</p>
<p><b>21. Whistleblowing</b></p> <p>Effective whistleblowing allows staff to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.</p>



## A Desktop Guide to Reporting Cardiff Council Fraud, Bribery and Corruption

**FRAUD** is the dishonest intent to obtain a financial gain from, or cause a financial loss to, a person or party through false representation, failing to disclose information or abuse of position.

**CORRUPTION/BRIBERY** is the offering, promise, giving, requesting, agreeing to receive, or accepting a payment or other advantage to induce or reward a person to improperly carry out their duties.

### DO

- **Note your concerns**

Record details such as your concerns, names, descriptions, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.

- **Retain or secure evidence**

Retain any evidence that may be destroyed, but do not alter or write on it in any way.

- **Report your suspicion promptly**

Confidentiality will be respected – delays may lead to further financial loss.

- **Be discreet**

Don't discuss your concerns with anyone who doesn't need to know.

### DO NOT

- **Confront the suspect or convey concerns to anyone other than those authorised**

Never attempt to question a suspect yourself; this could alert a fraudster and place you at harm and jeopardise an investigation/put evidence at risk.

- **Try to investigate the concern yourself**

Never attempt to gather evidence yourself unless it is about to be destroyed; speak with the Council's Counter-Fraud Specialist as soon as possible for advice and guidance.

- **Be afraid of raising your concerns**

The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

### If you suspect that fraud against the Council has taken place, you must report it immediately:

- To your line manager in the first instance, where appropriate and
- To the Audit Manager (Chris Pyke) or the Section 151 Officer (Christopher Lee)
- Via email to [fraud@cardiff.gov.uk](mailto:fraud@cardiff.gov.uk).

### Report Fraud, Bribery & Corruption – contact details:

**Audit Manager**

**Internal Audit, County Hall, Cardiff. CF10 4UW**

**Telephone: 2087 3455**

All calls will be treated in confidence and investigated by professionally trained personnel

## Protecting your Council from Fraud, Bribery and Corruption

Your nominated **Counter-Fraud Specialist is David Hexter**, who can be contacted via email on [fraud@cardiff.gov.uk](mailto:fraud@cardiff.gov.uk)

If you would like further information about Cardiff Council Fraud Activities, please visit our [SharePoint site](#).