



Resources Directorate Internal Audit Section



Investigation Team Progress Report

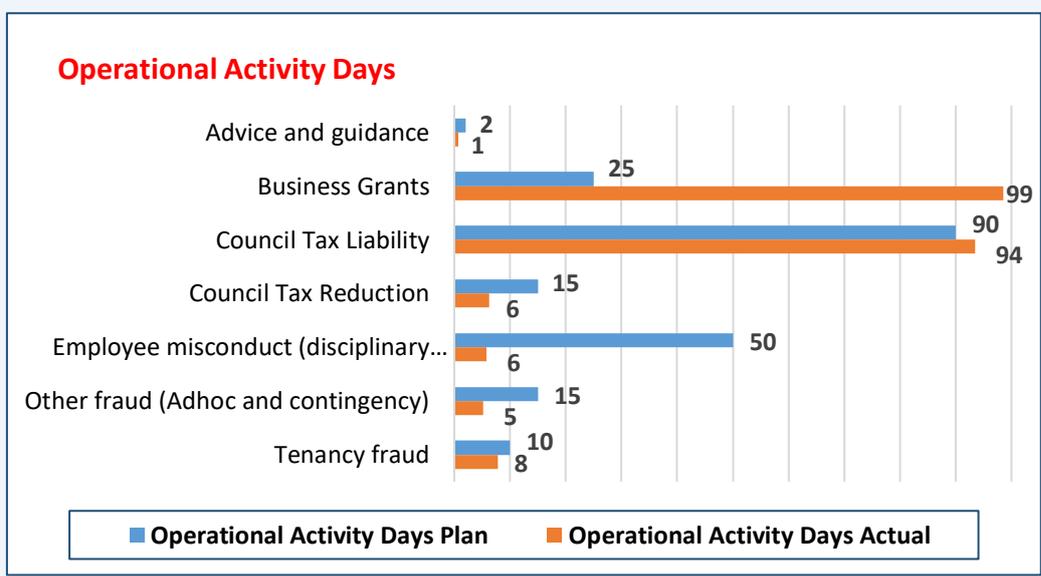
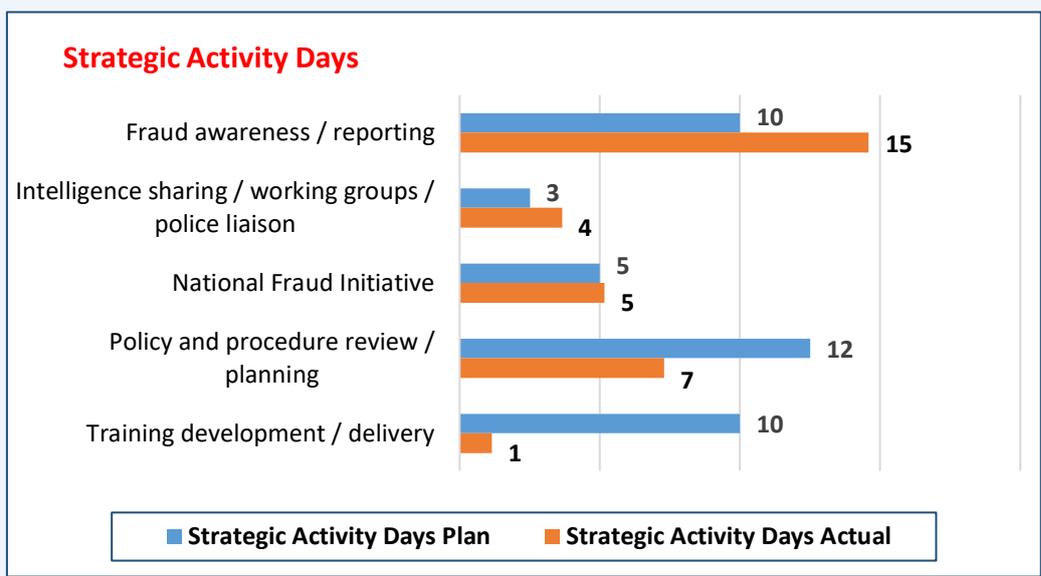
(as at 30 September 2020)

2020/21

Resources & Activities

For the year as a whole there are four hundred and ninety four chargeable days available based on current resources (2.5 fte), indicatively split between strategic (80 days) and operational activities (414 days). A temporary increase in the hours of the Investigation Assistant has recently been agreed of 6 hours per week, for 12 weeks initially, to further progress National Fraud Initiative work.

In the financial year to 30 September 2020, the team have applied 251 days as follows:



Fraud Awareness

The Investigation Team has worked with the Communications Team to prepare a series of articles to be communicated, week commencing 16 November 2020, as part of the internal campaign publicising International Fraud Awareness Week. Particular areas of focus are money laundering, impersonation fraud, and raising awareness of different fraud risks and fraud red flags.

Mandatory Fraud Awareness training continues to be delivered, and as at the 30th September, more than three thousand eight hundred employees had completed the eLearning or attended a face-to-face session.

Business Grants. Activities and cases

As referred to in the quarter one update, Audit and Investigation Team staff supported a multi-disciplinary team of Council officers to administer business grants on behalf of Welsh Government, linked to non-domestic properties.

Applications were open from 26 March until 30 June 2020, and as at 30 September 2020:

- Five thousand and fifty two applications were processed with a total value of £68.142 million;
- One thousand and sixty five applications (17%), had either been refused due to ineligibility, or were subject to further necessary checks in order to verify eligibility before the payment could be released.

Verification & Assurance

Guidance from Welsh Government to local authorities administering the 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.

Post payment verification and assurance has included:

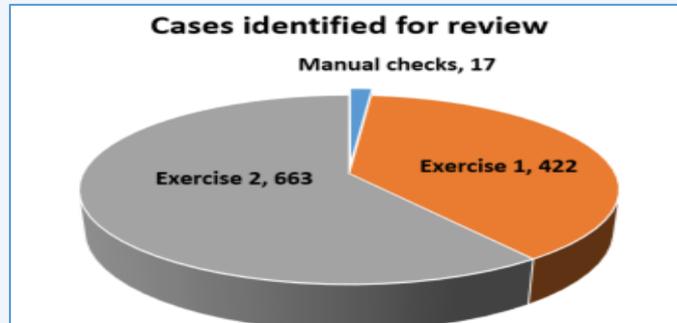
- Audit and Investigation Team staff undertaking manual checks of entitlement / eligibility, using information submitted on the payment file, and open source information to confirm businesses were trading;
- Participation in two data matching exercises for wider verification.

The first data matching exercise commenced in June 2020, and compared grant applicant information to Experian's commercial database (including data from - Companies House / Shareholder, London and Edinburgh Gazettes –CCJ, FCA). The checks involved 'bank account verification' and an 'Active Company Check'. 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).

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.

The exercise flagged cases where there was a particular risk of fraud or ineligibility, such as bank accounts that had been recently opened prior to the payment of grant funds, anomalies relating to company name / number / consumer record, and where a registered business may be closed/closing.

One thousand one hundred and two 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.



In respect of the above matches:

- Four hundred and sixteen cases have been concluded
- Six hundred and thirty matches have ongoing enquiries;
- Fifty six matches are yet to be reviewed;
- Nineteen payments have been identified as paid in error.

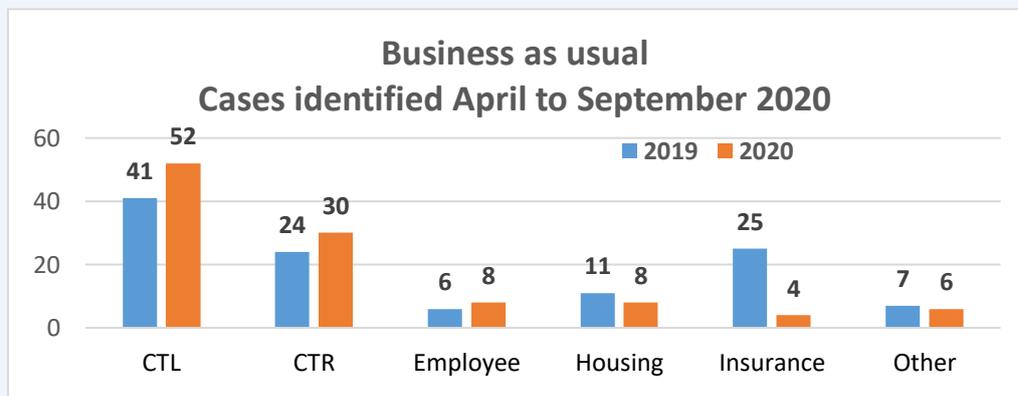
Current Outcomes

As a result of Audit, Investigation and Business Rate colleagues interrogating systems, records, and data matching output, overall thirty-six grants have been identified as paid in error with a total value of £495,000. Of this, £220,000 has been recovered and work continues to recover the remainder.

Local Authorities were required to administer grant payments where applicants were on the NNDR billing system at the eligible date. The majority of ineligible payments identified by the Business Rates Team directly, related to subsequent information or intelligence received by the team.

'General' Cases Identified for Investigation

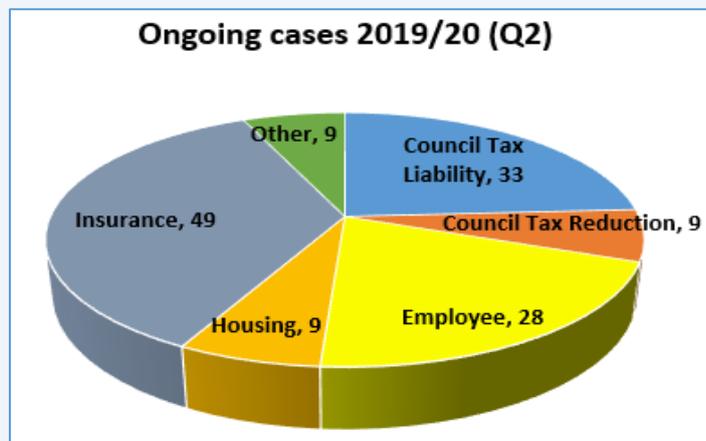
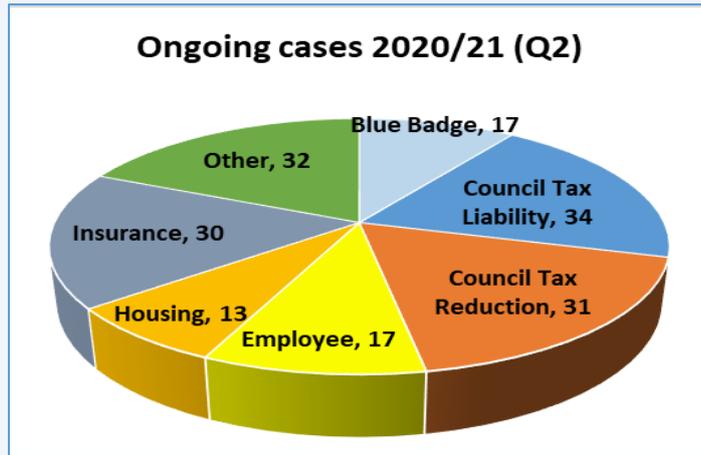
Excluding the stand alone Business Grants work, as detailed above, one hundred and eight cases have been identified for investigation so far this year, compared to one hundred and fourteen for the same period last year:



The cases designated as Other in 2020 related to CTAX exemptions, Phishing, Planning and Special Education Needs.

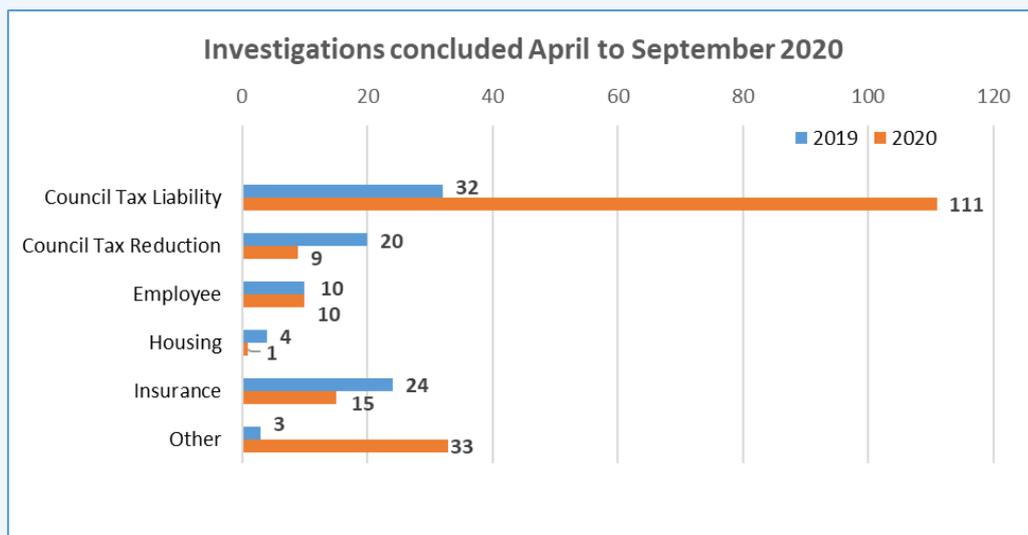
**'General'
Ongoing
Cases**

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



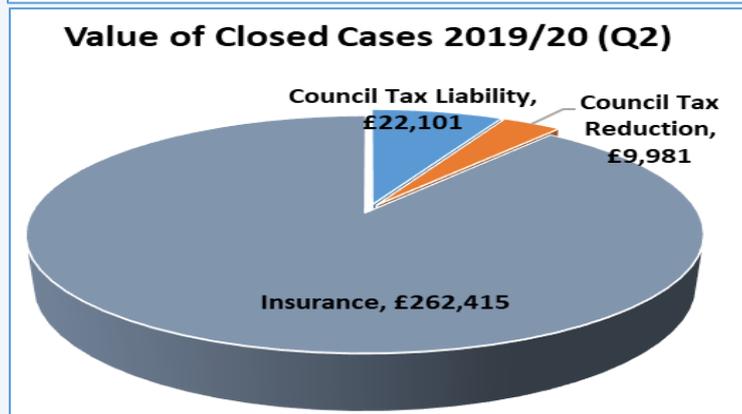
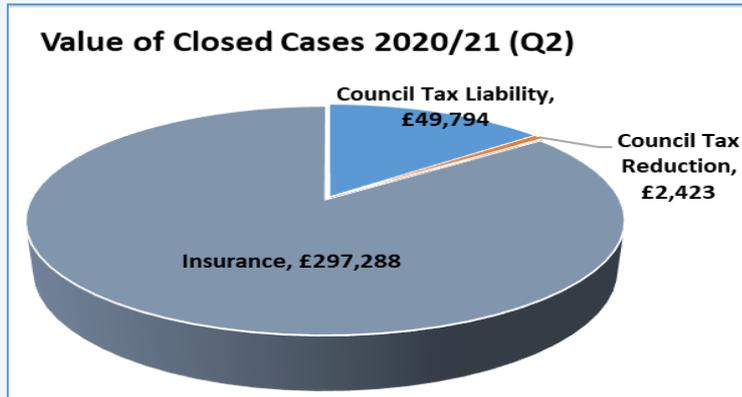
**'General'
Concluded
Cases**

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



Financial Value

Excluding the stand alone Business Grants work, £349,505 has been attributed to concluded cases in the 2020/21 year to date, compared to £294,497 for the same period last year:



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

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



Due to COVID-19 restrictions, on-street enforcement activity has been suspended, however, with the resumption of hearings at the Magistrates Court, the backlog of cases has started to clear, with seventeen cases ongoing which are being prepared for / due to go to Court.

Between April and the 30 September 2020 seventeen sanctions were administered:

