

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**GOVERNANCE AND AUDIT COMMITTEE**

**REPORT AUTHOR:** Jane Thomas Head of Financial Services

**REPORT TITLE:** Corporate Fraud and Error Quarter 1 2022 Report

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**REPORT FOR:** Information & Discussion

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**1. Purpose**

- 1.1 To provide a quarterly update to the Governance and Audit Committee on current work activities and performance.
- 1.2 To advise Governance and Audit Committee from the Fraud teams work, any systems or process weaknesses of significance.
- 1.3 Seek Governance and Audit Committee's input on the Fraud Team's future work plans.
- 1.4 To provide a response to the recommendations raised in audit work by Audit Wales and SWAP and to advise the Governance and Audit Committee on the progress made against the actions identified.

**2. Fraud and Money Laundering Policies**

- 2.1 The policies set out below were approved in July 2020 and can be found in the HR policies areas of the corporate handbook.
  - Anti-Fraud Policy
  - Anti-Money Laundering Policy
  - Fraud, Sanctions and Prosecutions Policy
- 2.2 The policies have been considered and approved by the Senior Leadership Team and have been communicated across the organisation. Further promotion and awareness raising is planned over the next year.
- 2.3 Fraud awareness training has now been made mandatory for the Council and the training package is now being reviewed to be rolled out across the Council.

### 3. Quarter 1 2022 Activity Report

- 3.1 The fraud and error team undertake a series of proactive review exercises that seek to verify eligibility to reliefs, discounts exemptions and awards across the Council in key areas and identify any that warrant fraud investigation.
- 3.2 The team are currently working on 2 joint working cases with the Dept of Work and Pensions Fraud team on a capital case and a living together case, There are no outcomes as yet.
- 3.3 The Fraud team have 60 investigations in 2022 so far.

At the end of Q1, the figures are:

Current Status	Number	Areas Investigated	Number
Current cases ongoing	30	Employee cases	5
		Council Tax	3
		Council Tax Exemptions	3
		Council Tax Discounts	7
		Council Tax Premiums	5
		Business Rates	2
		Council Tax Reduction Scheme	9
		Housing Benefit	4
No Further Action	11	Council Tax Reduction Scheme	6
		Housing Benefit	2
		DWP Benefits	3
		Council Tax Premiums	4
		Tenancy	1
Insufficient or no evidence	3	Council Tax Reduction Scheme	2
		Blue Badge	1
Cases Closed but with Recommendations	5	Council Tax Discount	1
		Discretionary Housing Payment	1
		Employee	3
Closed with no overpayment	2	Small Business rates relief	1
		Covid Grants	1
Fraud Proven	9	Council Tax Reduction Scheme	2
		Council Tax Discount	4
		Council Tax Premiums	3
		Housing Benefit	1

### 4. Gains and Outcomes to the end of Q2 (accumulative 2021/22 figures) are:

Current Status	Number	Value
Prosecutions Administration Penalties Civil Penalties Other Sanctions: -	12	£600
Overpayments Gains: -  This is the value of recoverable overpayments for Powys Council from the work of the team		£114,189
Income Gains: -  This is the value of potential income saved or potential revenue gained by Powys Council over the course of 52 weeks from the work of the team		£205,964

## 5. System and Process Recommendations

No fraud risk management recommendations were made in Q1 following conclusion to the Fraud team's investigation and error work.

## 6. Response to the recommendations raised in audit work by Audit Wales and SWAP and the progress made against the actions identified

6.1 The table below sets out the current actions to address the shortfalls and the timetable to achieve them.

Action	Date	Completed	Notes	Issue
Net Consent sign off of all the policies for staff and Councillors			2180 staff/councillors have accepted. None refused. 650 left to sign.	1/3
All policies will now form part Powys HR policies				1/3
Work with service areas will be undertaken to have staff who don't sign in via Net Consent to understand the policies and agree to them	Q2 22			1/3
Promote amongst staff and Councillors, fraud awareness via structured communications campaign				1/3

Encourage take up of fraud e-learning module across staff and Councillors	Q3 22		Work is being done to improve module now it is mandatory and relaunch by Q3	6/8
Reintroduce reporting cycle with Governance and Audit Committee which stated purposes				2/12
Offer specific Fraud Training to service teams and Councillors as required	Q4 22			6/8
Develop regular review meetings with key service teams and stakeholders including Internal Audit	Q3 22			1/2/5
Create a fraud risk section in the IBP for service teams to consider fraud risks and mitigations			this work started early and has a simple review question in the risk section but will be developed again next year	1/4/5/7/ 9/11
Present to SLT around fraud awareness and the anti-fraud Policies roll out				1
Develop an intranet to notify all of fraud risk alerts from central agencies				1
Internal Audit to undertake fraud risk assessment for Powys				4/5/7/ 9/11
From the Internal Audit fraud risk assessment, this may highlight further fraud risk assessment and mitigation work to be done at a service area level	Q2 22			4/5/7/ 9/11
Align fraud resource to any issues identified in the Powys fraud risk assessment or the service area fraud risk assessment	Q2 22			4/5/7/9
Following the fraud risk assessments, develop risk registers and consider if a fraud risk plan for services and strategy needed.	Q2 22  Q3 22			4/5/7/ 9/11

<p>Introduce new Investigations Panel to ensure: -</p> <p>Appropriate route of new investigations</p> <p>Support of cases during investigation</p> <p>Discharge of prosecution or sanction at the end of the investigation</p> <p>Build Intel for risk for S151</p>				2
<p>Build in key competency for Powys managers training for Financial Services around fraud awareness and ability to review systems and procedures and new service modules</p>	Q4 22			1/5/6/8
<p>Where appropriate publish in the media, cases investigated that have been through a fraud prosecution process</p>				1
<p>Review the external website to ensure its clear how to report fraud to the Council</p>	Q4	Q4 22		1
<p>Procure and use Fraud Hub software to create better opportunities for data matching and managing fraud risks</p>	Q2 22 & Q3 22		Implemented and now running new and regular data sets for PCC. Will then roll out new areas not currently included	5/7/9
<p>Once other fraud risk assessment actions above are complete, incorporate fraud and corruption risks into corporate risk management and intelligence process for S151 Officer review</p>	Q4 22			4/5/7/9/11
<p>Review Portfolio Holder Member that should be responsible for counter-fraud.</p>			The PFH for Finance is to be the member responsible for counter fraud	1
<p>Review Whistleblowing Policy and ensure it has the correct contact details and is then made available to</p>	Q2 22			10

key stakeholders as appropriate				
Update staff and Member codes of conduct to include direct anti-fraud references	Q2 22			10
Implement a process for vetting candidates in respect of fraud and financial fraud risk	Q3 22			10
Report to Members on declarations of interest and gifts and hospitality	Q4 22			10
Ensure relevant strategies and policies are subject to required ongoing scrutiny and review	Q4 2022			1/3/4/7/ 9/11

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## Appendix 1 - Wales Audit Office Report and Internal Audit Report Issues

Powys Issues to resolve	Audit Wales Report Issue
Senior management indicated that that the Council demonstrates a commitment to counter-fraud and has a zero-tolerance to fraud but there was little evidence to confirm that this message is actively promoted across the Council on an on-going basis	1
The approach to counter fraud work and activity was uncoordinated and there was a lack of clarity in terms of the roles and responsibilities of staff involved in Counter Fraud work (e.g., Internal Audit & Income & Awards)	2
At the time of undertaking the work, key policies to support effective counter fraud arrangements were either out of date or could not be located. A number of these have since been updated (e.g. Anti-Fraud Policy, Anti Money Laundering Policy and Fraud Prosecutions and Sanctions Policy)	3
The Council did not have an appropriate fraud response plan in place	4
The Integrated Business Plans completed by services / directorates did not consistently consider any risk assessment on the potential for fraud to impact on the delivery of the service or cost of providing the service	5
The extent of any counter-fraud training undertaken across the Council has been very limited	6
	<b>Internal Audit Report Issue</b>
There is no agreed Anti-Fraud Strategy or Fraud Response Plan.	7
There has been no recent training delivered in relation to anti-fraud and corruption.  Fraud training is not mandatory and there is little evidence that anti-fraud awareness is promoted across the Council.	8
The Council has not yet completed a formal assessment in relation to fraud and corruption risks.	9
The Whistleblowing Policy contact details are out of date. The Officer and Member Code of Conduct documents do not specifically include reference to fraud.	10
Fraud risk is not specifically reviewed by Senior Management and Members.	11
The programme of counter-fraud work was not provided and there is no evidence that this is agreed, and progress is monitored by Audit Committee.	12

