

**REPORT TO: SCRUTINY COMMITTEE – 25 SEPTEMBER 2024**

**REPORT ON: CORPORATE FRAUD TEAM ACTIVITY & PERFORMANCE, INCLUDING WHISTLEBLOWING 2023/24**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 257-2024**

**1.0 PURPOSE OF REPORT**

This report is to inform Elected Members of the Corporate Fraud Team’s (CFT’s) activity and performance for the 12-month period to 31 March 2024, including whistleblowing activity.

**2.0 RECOMMENDATIONS**

It is recommended that Members of the Committee note the information in this report.

**3.0 FINANCIAL IMPLICATIONS**

There are no direct implications arising from this report, although it is noted that in the year to 31 March 2024, the CFT identified savings of £37,527 from general investigative work and £81,238 of fraud and / or error in Housing Benefits through the collaborative working practices with the Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS). The total of savings and overpayments for CFT work in 2023/24 is £118,765. Action has been taken by the Council to seek financial recovery where applicable.

**4.0 BACKGROUND**

At the 27 April 2015 Policy and Resources Committee (Article VIII, Report No 180-2015) Members approved the establishment of a CFT from 1 June 2015. The CFT is a specialist investigative unit with responsibility for investigating all types of corporate fraud.

**4.1 BUSINESS GRANTS**

Throughout 2023/24, the CFT continued to work with key members of staff in City Development responsible for administration and awarding of various grants to Businesses. These grants included the Business Growth & Innovation Grant and the TAY5G funding. The CFT played a pivotal role in the mandatory process of due diligence of the applicants / businesses prior to any grant award.

**4.2 GENERAL INVESTIGATIVE WORK AND DWP**

4.2.1. The CFT identified £37,527 of savings from general investigative work in the year to 31 March 2024.

4.2.2. The CFT continued to assist investigating Housing Benefit through the sharing of evidence and witness statements as part of an agreement with DWP. That work identified £81,238 of fraud and error. Further detail is included at Appendix 1 along with referral statistics for the year.

4.2.3. The CFT continues to work with and share best practice with various other agencies and public sector bodies. These include various teams within Police Scotland, Scottish Government, Audit Scotland, OSCR (Office of the Scottish Charity Regulator), the Cabinet Office, SEPA (Scottish Environment Protection Agency), NHS Counter Fraud Services, SAAS (Student Awards Agency Scotland), HMRC and other Scottish local authorities.

### **4.3 ADVICE, GUIDANCE AND CORPORATE SUPPORT**

4.3.1. In addition to the investigative work carried out during 2023/24, the CFT has continued to provide a diverse range of advice, guidance and support to the Council's strategic services.

- The CFT have assisted Democratic & Legal Services by carrying out a proportion of checks of Licence Renewal Applications (Taxi & Civic) as part of the 2023 Licence Renewal Process.
- The CFT Supervisor is a member of the Council's group for the UK Asylum Dispersal Scheme in the City. The CFT Supervisor's role is to provide financial fraud risk and prevention advice to the group.
- The CFT have been active in Government Procurement Card (GPC) compliance including delivering training / awareness and checks on usage of GPC's as per the Council's Guidelines. The CFT work closely with the Corporate Procurement Team.
- The CFT has continued to be actively involved in operational groups and processes, including the Serious Organised Crime Group and Integrity Group both of which are chaired by the Head of Corporate Finance.
- The CFT Supervisor's work in the Council's Serious Organised Crime Group included working with the Council's Risk Management Co-Ordinator to produce, implement and maintain a Serious Organised Crime Risk Register. The CFT Supervisor continues to work closely with local Police Scotland teams and the National Serious Organised Crime Interventions Unit (NSOCIU), Scottish Crime Campus, Gartcosh.
- The CFT Supervisor has continued during 2023/24 to be the Scottish representative on the Executive Board of NAFN (National Anti-Fraud Network) and an active member of SLAIG (Scottish Local Authority Investigators Group). In September 2023, Dundee City Council held the first in person SLAIG meeting since March 2020. As part of SLAIG, the CFT Supervisor participates in discussions with the Crown Office and Procurator Fiscal Service (COPFS) and Scottish Government regarding the ongoing prevention and detection of public sector fraud. The CFT also receives national fraud alerts through NAFN from the National Crime Agency, the National Fraud Intelligence Bureau and the National Cyber Security Centre. These alerts are distributed to key Council staff.
- The CFT continues to work closely with the DWP and is represented at both local and national (Scottish) level meetings to help support the Housing Benefit investigation process in general and recovery of overpayments from Housing Benefit fraud and error in Dundee.

### **4.4 FRAUD AND CORRUPTION HEAT MAP**

4.4.1. The Fraud and Corruption Heat Map continues to be developed and Service Areas are required to continually address and manage fraud and corruption risks as part of their existing Risk Registers (RR's).

4.4.2. The heat map is there to supplement existing Service Area RR's and to assist both the CFT and Services in pro-actively focussing on key risks. It sets out to identify the degree of risk in Service Areas against a standard set of fraud and corruption risks, highlighted by a 'RAG' (red/amber/green) rating, where efforts to mitigate fraud and corruption risks should be focussed.

4.4.3. The CFT Supervisor has recently held specific discussions with Elected Members during 2 training sessions. These sessions focussed on risk assurances, advice and the offer of fraud, bribery & corruption training.

4.4.4. The Integrity Group will be updated on a regular basis on the progress of mitigation of the fraud and corruption risks identified in this heat map and of any new risks that require to be added. All risks will be reviewed on a periodic basis.

4.4.5. An annual self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption confirms that the Council has adopted a response that is appropriate for its fraud and corruption risks.

#### **4.5 CORPORATE FRAUD EMPLOYEE INVESTIGATIONS**

4.5.1. All allegations of fraud and corruption are investigated by the CFT, in partnership with other Council colleagues and external agencies where appropriate.

4.5.2. During 2023/24, the CFT investigated allegations of fraud which at times involved working alongside Police Scotland and the COPFS. Other CFT investigations during 2023/24 involving employees included allegations of fraud, bribery, corruption, missing cash, Government Procurement Card misuse, Council Tax Discount, misuse of council vehicles, theft, inappropriate social media behaviour and various breaches of Council policies.

4.5.3. Following conclusion of these investigations, recommendations have been made for improvements to internal controls to reduce the risk of similar incidents happening in the future. It is the remit of the People Service and the employee's Head of Service to consider whether any disciplinary action is required.

#### **4.6 WHISTLEBLOWING**

4.6.1. The Council's whistleblowing function is corporately managed by the CFT. The CFT manages the Council's dedicated whistleblowing telephone line and email reporting arrangements. It also monitors and records all whistleblowing allegations and outcomes on the Council's Fraud Management System.

4.6.2. In line with the policy, all whistleblowing allegations received are shared with the Council's Joint Head of People, the Head of Democratic and Legal Services and the Acting Senior Manager – Internal Audit. These managers, or an appropriate delegated officer, determine how best to proceed with, and who should lead, an investigation.

4.6.3. The action taken by the Council in response to a reported concern will depend on its nature, but may include one or more of the following:

- carrying out an internal investigation (People Service, Internal Audit and / or CFT)
- dealing with the matter through an internal procedure
- referring the issue to Police Scotland and / or to external audit
- referring the issue to an external public or regulatory authority
- bringing in external specialists to investigate where required

4.6.4. A decision may also be taken that no formal investigation is required.

4.6.5. Employees can report concerns in a variety of ways e.g. speak to their supervisor, send a letter, complete an anonymous form on the intranet or internet, email the dedicated email address or phone the 24hr freephone whistleblowing telephone number.

4.6.6. For the 12-month period to 31 March 2024 the Council received 17 whistleblowing allegations. The continued reporting of whistleblowing allegations demonstrates the ongoing positive culture of the organisation in which staff feel comfortable enough to report their concerns.

Whistleblowing allegation statistics, split by service area, can be found at Appendix 2 along with corresponding outcomes data.

#### **4.7 NATIONAL FRAUD INITIATIVE (NFI)**

- 4.7.1. The NFI is co-ordinated by the CFT, and the Council's Key Contact is the CFT Supervisor. The Council's NFI performance is reported in a separate annual report to this Committee. (Report 256-2024 refers).

#### **5.0 POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

#### **6.0 CONSULTATIONS**

The Council Leadership Team was consulted in the preparation of this report.

#### **7.0 BACKGROUND PAPERS**

None.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**3 SEPTEMBER 2024**

## CORPORATE FRAUD ACTIVITY AND PERFORMANCE REPORT - 1 APRIL 2023 TO 31 MARCH 2024

Table 1 – CFT Referrals / Information Exchanges Statistics &amp; Employee Cases

REFERRALS FRAUD or ERROR TYPE / SERVICE AREA	NUMBER OF REFERRALS
<b>Referral Type / Information Exchanges</b>	
Blue Badge	34
Business Grants / Other Grants	8
Council Tax (Council Tax Reduction and Discounts)	45
Government Procurement Card Compliance Checks (GPC)	22
Housing Tenancy Fraud	6
Licence Renewal Checks	87
Parking Permit	1
Pensions	3
Referred to Other Agencies (No DCC Impact)	2
School Placing Requests	2
<b>Service Area (allegations involving employees see para 4.5 above for examples)</b>	
Children & Families	20
City Development	2
Corporate Services	1
Dundee Health and Social Care Partnership (DH&SCP)	7
Neighbourhood Services	24
<b>SUB-TOTAL</b>	<b>264</b>
Data Protection Enquiries from other Enforcement Agencies / LA's	19
Housing Benefit - DWP Information Exchange for Investigation Cases	41
<b>TOTAL</b>	<b>324</b>

Table 2 – Savings / Benefits Identified

<b>FRAUD or ERROR TYPE</b>	<b>NUMBER OF CASES</b>	<b>SAVINGS IDENTIFIED (£) / BENEFITS</b>
Council Tax (Council Tax Reduction, Single Person Discount & Exemptions)	34	21,543
General Income / Savings (GPC & Fraudulent Insurance Claim)	3	5,883
Housing Benefit (Identified during other CFT investigations)	1	3,954
Pensions	1	6,147
<b>SUB-TOTAL</b>	<b>39</b>	<b>37,527</b>
Housing Benefit - DWP Information Exchange for Investigation Cases	7	81,238
<b>TOTAL</b>	<b>46</b>	<b>118,765</b>

The tables below provide a summary of results from the whistleblowing activity for 12 months to 31 March 2024.

**Table 1 – Whistleblowing Allegations per Service Area**

Service Area	No. of Allegations
Children & Families	4
City Development	2
Corporate Services	1
Neighbourhood Services	9
Dundee Health & Social Care Partnership	5
<b>TOTAL</b>	<b>21</b>

**Table 2 – Outcomes of Whistleblowing Allegations**

Outcomes	
Ongoing	5
No further action / unsubstantiated	4
Dealt with in line with current People Service procedures	12
<b>TOTAL</b>	<b>21</b>

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