

**REPORT TO: SCRUTINY COMMITTEE – 27 SEPTEMBER 2023**

**REPORT ON: CORPORATE FRAUD TEAM ACTIVITY & PERFORMANCE, INCLUDING WHISTLEBLOWING 2022/23**

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

**REPORT NO: 270-2023**

## **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 2023, 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 2023, the CFT identified savings of £44,464 from general investigative work and £144,480 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 2022/23 is £192,944. 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 2022/23, 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**

The CFT identified £48,464 of savings from general investigative work in the year to 31 March 2023.

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 £144,480 of fraud and error. Further detail is included at Appendix 1 along with referral statistics for the year.

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**

In addition to the investigative work carried out during 2022/23, 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 continues to assist the Council's Parking Team and the Sheriff Officers to trace debtors with large outstanding debts relating to non-payment of Penalty Charge Notices. Any new information obtained by the CFT is shared with the Sheriff Officers to assist in the debt recovery process. As in previous years, the CFT will continue to provide investigative support for the recovery of parking debt.

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 also the National Serious Organised Crime Interventions Unit (NSOCIU), Scottish Crime Campus, Gartcosh. It is through collaborative working with NSOCIU that the CFT Supervisor co-hosted awareness sessions on Serious Organised Crime in the Waste Industry. These sessions were attended by staff from both the Council and Angus Council. In September 2022, the CFT Supervisor arranged and co-hosted with Police Scotland, an awareness session on Serious Organised Crime for Elected Members.

During 2022/23 The CFT Supervisor delivered Corporate Fraud Awareness training for 80 Corporate Finance Staff. The training covered Procurement Fraud, Bank Mandate Fraud and Bribery & Corruption.

The CFT Supervisor has continued during 2022/23 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), both of which have continued to meet remotely. 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**

The Fraud and Corruption Heat Map has been developed following an Internal Audit Review of the Council's Fraud Governance, when it was recommended and agreed by Council Leadership Team that the Council should have a Fraud Risk Register to identify, control and mitigate fraud in the Council.

As the Council has many Risk Registers (RR's) throughout all the Service Areas which may already have fraud and corruption risks as part of their existing RR's, the CFT in conjunction with the Council's Corporate Risk Management Co-ordinator adopted the alternative approach of creating a Fraud and Corruption Risk Heat Map.

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.

The Council's Integrity Group approved the implementation of the Fraud & Corruption Heat Map during 2022/23.

The CFT Supervisor has held specific discussions with all Service Areas on the Fraud and Heat map as it related to their service. These sessions focussed on risk assurances, advice and also offered fraud, bribery & corruption training. Each service area is responsible for managing their own fraud and corruption risks which may already form part of their existing RR's or may require to be added to their RR's on Pentana.

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.

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

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

During 2022/23, the CFT investigated allegations of fraud, bribery and corruption, which at times involved working alongside Police Scotland and the COPFS. Other CFT investigations during 2022/23 involving employees included allegations of improper conduct and behaviour, missing medication, missing cash, Government Procurement Card misuse, Council Tax Discount, misuse of council vehicles and breaches of Council policies.

Following conclusion of these investigations, recommendations have been made for improvements to internal controls in order to reduce the risk of similar incidents happening in the future. These are now being added to Pentana for monitoring and action by the Service Area and Corporate Fraud Supervisor. It is the remit of HR and the employee's Head of Service to consider whether any disciplinary action is required.

#### **4.6 WHISTLEBLOWING**

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.

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.

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 (HR, 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

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

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.

For the 12-month period to 31 March 2023 the Council received 13 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)**

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 271-2023 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**

**30 August 2023**

**CORPORATE FRAUD ACTIVITY AND PERFORMANCE REPORT - 1 APRIL 2022 TO 31 MARCH 2023**

**Table 1 – CFT Referrals / Information Exchanges Statistics**

<b>FRAUD or ERROR TYPE / SERVICE AREA</b>	<b>NUMBER OF REFERRALS</b>
<b>Fraud or Error Types</b>	
Blue Badge	22
Council Tax (Council Tax Reduction and Discounts)	24
Housing Tenancy Fraud	9
School Placing Requests	9
<b>Service Area (allegations involving employees see para 4.5 above for examples)</b>	
Children & Families	7
City Development	8
Corporate Services	28
DH&SCP	1
Neighbourhood Services	11
<b>SUB-TOTAL</b>	<b>119</b>
Data Protection Enquiries from other Enforcement Agencies / LA's	12
Housing Benefit - DWP Information Exchange for Investigation Cases	45
<b>TOTAL</b>	<b>176</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)	13	13,182
General Income (Theft of Goods - Compensation Money)	1	8,000
Housing Benefit (Identified during other CFT investigations)	1	516
Pensions	17	26,766
<b>SUB-TOTAL</b>	<b>32</b>	<b>48,464</b>
Housing Benefit - DWP Information Exchange for Investigation Cases	9	144,480
<b>TOTAL</b>	<b>41</b>	<b>192,944</b>

The tables below provide a summary of results from the whistleblowing activity for 12 months to 31 March 2023.

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

Service Area	No. of Allegations
Children & Families	10
City Development	1
Neighbourhood Services	2
<b>TOTAL</b>	<b>13</b>

**Table 2 – Outcomes of Whistleblowing Allegations**

Outcomes	
Ongoing	5
No further action / unsubstantiated	7
Dealt with in line with current HR procedures	1
<b>TOTAL</b>	<b>13</b>

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