

Adroddiad Gwrth-Dwyll a Gwrth-Lygredd 2023/24

Anti-Fraud and Anti-Corruption Report 2023/24

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Carmarthenshire
County Council



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01

Introduction

Carmarthenshire County Council is one of the largest unitary Authorities in Wales, and the largest local employer with over 8,000 staff. The Council owns significant assets, operates a range of systems and deals on a day-to-day basis with a wide range of contractors and customers. The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably put Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

Fraud is not a victimless crime and can affect us all.

The monetary cost – In monetary terms, fraud costs the country millions of pounds a year. It also affects the amount of money we have available to spend on providing public services. People in the UK lost £1.17bn to fraud in 2023, the equivalent of £2,226 every minute, according to bank industry group UK Finance.

The human cost – There are other not-so-obvious costs as a consequence of some frauds. For example, a consequence of Council Housing Tenancy Fraud is that available housing spaces are reduced thereby depriving families and vulnerable people on the waiting list.

Good Corporate Governance requires that the Authority clearly demonstrates its commitment to dealing with fraud and corruption and will deal equally with perpetrators from inside and outside the Council.

The culture of the Council is one of openness and the core values of Integrity, Taking Responsibility and Excellence support this. Carmarthenshire County Council is committed to the highest ethical and moral standards and is determined that the culture of the organisation is that of honesty, integrity and transparency, and fundamental to these core values is its commitment to combat fraud and corruption.

The overall responsibility for dealing with fraud and corruption within the Authority sits within the Revenues & Financial Compliance service in the Corporate Services Department; functions are shared between Internal Audit and a Specialist Unit within the Revenues team, which deals with all forms of Benefit Fraud. Following the departure of the previous Fraud Investigation Officer in April 2023, a new Officer commenced in the role within the Revenues team in September 2023; following a period of training, the New Fraud Investigation Officer commenced with the investigation of cases, and undertaking proactive work.

Additionally, the Consumer and Business Affairs service of the Authority is responsible for investigating suspected fraud arising from inappropriate trading.

This report provides a summary of the activities of the Anti-Fraud functions for the 2023/24 financial year.

02

Strategic Governance

The Authority has in place an Anti-Fraud and Anti-Corruption Strategy, which has been actively promoted to Authority staff through a dedicated page on the Council's intranet and staff news e-mails. Promotion of the Strategy and key messages and information to staff will continue. The Strategy is due for review in 2025, following which, it will be presented to the Governance & Audit Committee for approval.

The Authority has a close working relationship with Dyfed Powys Police (DPP) and has in place a Memorandum of Understanding, which establishes an agreed pathway for the Council to report criminal offences to DPP and outlines the agreed responsibilities of both parties. Regular meetings have taken place with DPP throughout the year, to discuss case information as well as information sharing and agreeing actions where procedural weaknesses are identified or opportunities to learn lessons are raised.

The fraud risks facing the Authority have been reviewed and analysed; the information has been brought together into a Fraud Risk Register, which is continually monitored.

Quarterly Fraud Case Management meetings take place between the Internal Audit team and the People Services Manager (HR). These meetings facilitate discussions between both parties to enable the controlled, effective sharing of information.

Regular liaison also continues between the Internal Audit team and both the Benefit Fraud Unit, and the Consumer Business Affairs service, to ensure that relevant information is continuously shared.

03

Proactive Work

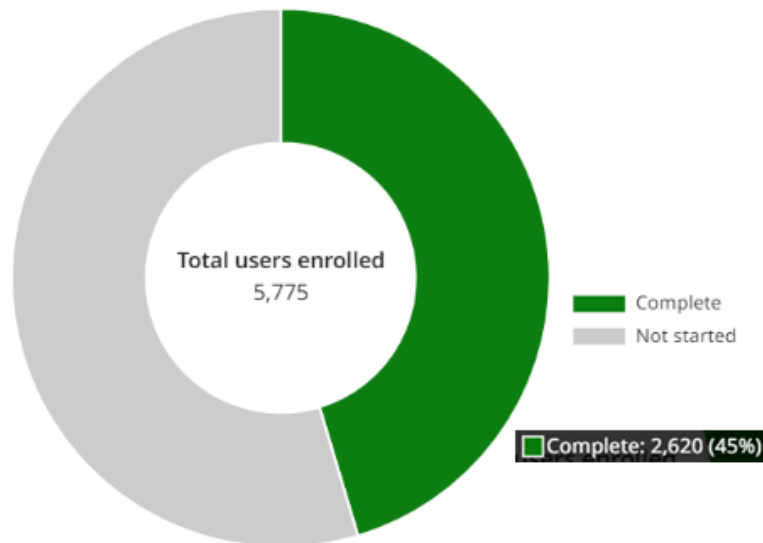
Proactive work is designed to raise awareness of the risks of fraud and corruption within the Council, and their consequences. Developing a strong anti-fraud and anti-corruption culture within the organisation underpins all other work undertaken and is closely linked to the creation of a strong deterrent effect.

During 2023, work took place on establishing an e-learning module for staff to complete on fraud, and fraud awareness; the Corporate Management Team gave its support for the training to be mandatory for all Council staff.

The e-learning module was rolled out, on the new **ThinQi** learning management system during May 2024.



At the time of writing this report, the training has been rolled out to all staff with Council e-mail addresses, apart from staff in schools. As at 30 July 2024, 45% of those staff have completed the training.



Further rollout will continue, over the coming months, to ensure that all staff have access to the training, and are promoted to complete the module.

Face-to-face presentations recommenced during the year, with training provided by the Fraud Investigation Officer within the Revenues team. Further face-to-face training is planned to be undertaken during the 2024/25 year.

The Council has a dedicated Fraud and Corruption intranet page; the page has been designed to provide staff with information on the affects of fraud and, importantly, how to report any suspicions of fraud or corruption.

Staff messages are published periodically on the Authority's Marketing & Media weekly e-mail, to provide staff with valuable information on things such as how to protect themselves against fraud, and also how to be aware of potential fraud in the workplace. The Take Five campaign has also been promoted, which is a national campaign that offers straightforward and impartial advice to help everyone protect themselves from financial fraud. This includes help to spot email deception and phone-based scams as well as online fraud.



Internal Audit undertakes, on an annual basis, a pro-active analysis of financial transactions linked to Payroll and Creditors to identify any potential anomalies for further investigation. The results of the analysis are reviewed and used to identify any potentially fraudulent activity or possible system weaknesses.

Where the Council has provided ad-hoc payments to individuals and business, for example during the coronavirus pandemic and more latterly urgent payments, such as the Winter Fuel Payments, the Internal Audit section has, and continues to, assist by utilising specialist software to identify potential duplicate claims prior to payment, thus preventing erroneous payments being made.

04 Prevention and Deterrence

Work in this area is centred on discouraging individuals who may be tempted to commit fraud or corruption against the Authority and ensuring that opportunities for them to do so are minimised.

A key principle in preventing and deterring fraud and/or corruption is by ensuring that relevant policies and procedures are 'fraud-proof'. This process is intended to minimise the opportunity for economic crime to occur, by identifying and addressing potential risks or loopholes, and implementing control measures to increase their resilience to such activities. There is no such thing as a completely fraud-proof policy or process, however a commitment to fraud-proofing reduces the risk and minimises the potential for a policy or procedure to be misinterpreted or for lack of clarity to be used as a defence. The Authority has in place clear rules for staff to follow, in particular the Financial Procedure Rules and Contract Procedure Rules, which are regularly reviewed to ensure they are accurate and continue to provide robust, unambiguous rules for staff to follow.

Where possible, successful cases and prosecutions achieved by the Council are promoted in the media in order to achieve a deterrent effect, deterring anyone to try to commit fraud against the Authority.

A joint working practice is in place between Internal Audit and HR, through quarterly Fraud Case Management meetings, and ad-hoc meetings where required. Where credible information is received regarding a potential fraud threat, it is important that this is promptly and appropriately investigated, in order to reduce the risk to the Authority. Having this valuable meeting structure in place has allowed, and will continue to allow, for the effective sharing of information, enabling appropriate action to be undertaken promptly.

The Authority participates in the National Fraud Initiative (NFI) exercise, where data, including data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues, is matched nationally every 2 years to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was undertaken during 2023/24. The exercise resulted in 5254 records being reviewed, with 14 cases investigated further. At the time of writing this report, overpayments totalling £2514 have been recovered.

Intelligence reports and information are exchanged and shared from the National Anti-Fraud Network (NAFN) and colleagues in other Local Authorities as part of the Wales Fraud Officer's Group.

05 Investigations

The Anti-Fraud and Anti-Corruption Strategy sets out the Authority's zero-tolerance attitude towards fraud and corruption, its commitment to the rigorous investigation of all reports received, and the consistent application of appropriate sanctions.

A key aspect of effective counter fraud work is the thorough, impartial and professional investigation of suspicions as they arise.

The length and timescale of an investigation can vary considerably from case to case, with some cases being resolved in a matter of days and other, more complex cases taking months or even a number of years. Evidence and intelligence can be obtained from many sources such as the National Anti-Fraud Network which enables a legal gateway to requesting information from Banks, Building Societies, other financial institutions, DVLA, Utility providers, the Royal Mail, the Police, DWP, covert surveillance, and other government departments.

The following statistics outline investigatory work undertaken during 2023/24:

Corporate

Fraud Offence	2023/24 Investigations	2022/23 Investigations
Fraud by False Representation	7	3
Fraud by Failure to Disclose Information	0	0
Fraud by Abuse of Position	2	4

Benefit Fraud

A total of 119 referrals were received by the Benefit Fraud team (compared to 227 referrals in 2022/23).

➤ 17 were accepted for fraud investigation.

- 56 of these were referred to the Department for Work & Pensions (DWP) for their own investigations

The reduction in referrals since 2022/23 can be attributed, in part, to there being no Fraud Investigation Officer in post for part of the year, with no proactive work around Revenue and Benefit fraud having taken place during this time. Furthermore, the reduction can be in part attributed to the migration from Housing Benefits to Universal Credit.

Fraud referrals, allegations and suspicions are received from various sources which can include anonymous telephone calls and letters, online and email referrals, staff in Revenues and other departments, The Police, DWP, Data Matching exercises etc.

Consumer and Business Affairs service

Fraud Act Prosecutions, which have either been completed or are currently in the Court System:	2023/24 Investigations	2022/23 Investigations
Fraud Misrepresentation/Unfair Practices	11	17
Fraudulent Trading	3	2
Money Laundering	5	3

During the year, the Consumer and Business Affairs service received a total of 1830 referrals for investigation (compared to 2113 in 2022/23), with the following outcomes recorded:

	2023/24 Outcomes	2022/23 Outcomes
No of convictions completed (all)	15	12
No of cautions (all)	6	6
Total detriment prevented (i.e., money that would be lost without Trading Standards intervention)	£14,300,000	£11,000,000
Number of preventative / proactive press releases	6	11
Number of prosecution case press releases	9	11
Number of preventative/proactive literature distributed	1800	3200

06

Case Information

This section provides case examples investigated during the year.

An employee was found to have misused the Authority's Leisure booking system, by abusing their position to permit free entry for friends and acquaintances to use the Authority's Leisure services. The employee gained unauthorised access to the Gladstone system to enable the deception to take place.

Following initial investigations, the case was passed to Dyfed Powys Police, who considered the offence under the Computer Misuse Act 1990, and conducted an Interview Under Caution (IUC); during the interview, the individual admitted to the offences.

The individual was issued with a Police Adult Community Resolution, and is no longer employed by the Council.



The Computer Misuse Act 1990 is a UK Law that criminalises the unauthorised access or modification of computer data.

A Company was found to be submitting falsified quotations to win work as part of the Business Renewable Energy Fund (BREF) Grant. Routine monitoring of grant applications identified anomalies in a number of Grant applications, which included the submission of quotations from bogus companies.

**FRAUD BY FALSE REPRESENTATION
FRAUD ACT 2006**

FRAUD BY FALSE REPRESENTATION IS WHEN SOMEONE DISHONESTLY MAKES AN UNTRUE OR MISLEADING REPRESENTATION WITH THE INTENTION OF MAKING A GAIN FOR THEMSELF OR CAUSING LOSS TO ANOTHER.

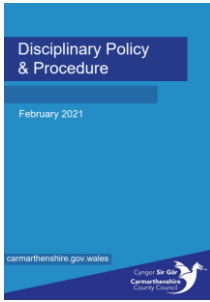
The deception was reported to Dyfed Powys Police for further investigation under the Fraud Act 2006.

The robust processes in place within the Grants team ensured that these irregularities were promptly identified, and grant funding was not paid out.

An internal referral was received from the Council Tax section providing details of an occupant who was claiming Single Person Discount (SPD), and had been for the past 10 years at different properties, yet information had been received that the claimant had been married since 2017. Following investigation, the claimant was ordered to repay SPD totalling £2,646.

Single Person Discount (SPD)

Adults who live alone in a property are entitled to a Council Tax discount. A discount is also available to properties where there is only one adult living with certain groups of people.



An employee was found to have been utilising Carmarthenshire County Council's grass cutting machinery to undertake private work. In addition to inappropriately using the Council's machinery, the employee also undertook the private work during the time in which they should have been working for the Council.

The employee was dismissed from their role with the Council.

A test purchase operation, conducted by Carmarthenshire County Council Trading Standards officers, identified a large-scale operation selling counterfeit cigarettes and tobacco through retail premises.

The illegal trade undermines the effectiveness of efforts to reduce smoking prevalence levels in the UK, both for those who may give up smoking and those taking up the habit. It is often the case that members of the public who purchase the tobacco are fully aware that they are purchasing an unlawful product. Consumers knowingly purchase at a cheaper price and will be aware that duty has not been paid. Consumers are, however, less aware that the product may be counterfeit and that the tobacco being smoked by them has been prepared by large, organised crime groups rather than multinational companies and previous seizures of counterfeit products have been found to contain arsenic, pesticides and rat poison.

Officers from Carmarthenshire Trading Standards, and the Police visited the retail premises; during the visit, 940 cigarettes were seized after being found in a holdall under the counter. A further inspection of the store later took place and search warrants for the home addresses were executed. During the searches, a total of 99,340 suspected illegal cigarettes were seized.

The illegal value of the tobacco seized on that day was £26,195, with the legal value being £63,514. A safe containing £32,699.09 was found at the home address of one of the defendants.

A financial investigation revealed that accounts in the name of one of the defendants received cash credits totalling £139,310 in the period 5th July 2020 to 11th October 2022. Over the same period, accounts in the name of the other defendants received cash credits totalling £34,115 and £9,050.



The defendants were found **Guilty**, under **Section 9 of the Fraud Act 2006**, at a court hearing and are currently awaiting sentencing.

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Conclusion

Carmarthenshire County Council prides itself on setting and maintaining high standards, with a culture of openness, with core values of **Integrity, Taking Responsibility and Excellence**. The Anti-Fraud and Anti-Corruption Strategy fully supports the Council's desire to maintain an honest Authority, free from fraud and corruption.

The aims and objectives of the strategy are to:

- Make better use of resources.
- Prevent Fraud, through understanding the root cause of problems and driving improvements for long-term impact.
- Work with others in a collaborative way to find shared, sustainable solutions.

This Annual Report demonstrates the actions taken to deliver these aims and objectives during 2023/24. We will continue to strive to deliver these over the coming year, with actions also undertaken to further enhance the controls in place, including further proactive work in the form of staff training and fraud awareness:

- Creation of an electronic fraud reporting form, to be available of the Authority's website and intranet.
- Training to be provided by the Competitions and Markets Authority (CMA) on cartels and bid-rigging in procurement.
- Specific Fraud Awareness Training to be provided by DPP on the Computer Misuse Act.
- Further Fraud Awareness messages to staff and Members within the Authority.
- Further promotion of the e-learning module to staff.