

**REPORT TO: SCRUTINY COMMITTEE – 25 SEPTEMBER 2019**

**REPORT ON: CORPORATE FRAUD TEAM ACTIVITY AND PERFORMANCE,  
INCLUDING WHISTLEBLOWING 2018/19**

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

**REPORT NO: 319-2019**

## **1.0 PURPOSE OF REPORT**

This report is to inform Elected Members on the Corporate Fraud Team's (CFT's) activity and performance for the 12 month period to 31 March 2019, including whistleblowing activity.

## **2.0 RECOMMENDATIONS**

It is recommended that Members of the Committee:

- i. note the content of the CFT's activity and performance report for 2018/19 at Appendix 1, including referral statistics and savings / other benefits identified during the year; and
- ii. note the results of the Council's Whistleblowing activity for 2018/19 at Appendix 2, including allegation statistics and outcomes.

## **3.0 FINANCIAL IMPLICATIONS**

In the year to 31 March 2019, the CFT identified savings in excess of £147,876 from general investigative work and £236,700 of fraud and / or error in Housing Benefits through the sharing of intelligence with the Department of Work and Pensions (DWP) Single Fraud Investigation Service (SFIS). With the exception of notional savings, action has been taken by the Council to seek financial recovery.

## **4.0 BACKGROUND**

At the 27 April 2015, Policy and Resources Committee meeting (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 GENERAL INVESTIGATIVE WORK AND SFIS**

The CFT identified £147,876 of savings in the year to 31 March 2019, including a notional element of £52,000 relating to tenancy and blue badge cases. With reference to Article XVI, Report No 84-2015 of the Policy and Resources Committee meeting in February 2015, the notional value allocated to each tenancy returned to the Council is £18,000 and the notional value allocated to the termination of each blue badge is £2,000. The CFT also continues to assist SFIS with Housing Benefit investigations through the sharing of intelligence. During the year to 31 March 2019, that work identified £236,700 of fraud and error in Housing Benefits. Further detail is included at Appendix 1 along with the 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, OSCR (Office of the Scottish Charity Regulator), Cabinet Office, SEPA (Scottish Environment Protection Agency), NHS Fraud Services, SAAS (Student Award Agency Scotland), Scottish Government, HMRC and other Scottish Local Authorities.

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

In addition to the investigative work carried out during 2018/19, the CFT has continued to provide a diverse range of advice and guidance to all strategic Council services and Dundee Health and Social Care Partnership (DH&SCP). Leisure and Culture Dundee did not require any assistance during 2018/19, however, this would have provided if required.

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. The new information obtained by the CFT, is shared with the Sheriff Officers to assist in the debt recovery process. The CFT will continue to provide investigative support for the recovery of parking debt. The CFT carried out refresher Blue Badge Fraud Awareness with the Parking Attendants and Parking Team Leaders in July 2018.

Work carried out by the CFT has continued to evolve throughout service areas in the Council during 2018/19. However, it has also 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.

In relation to Serious Organised Crime, the CFT Supervisor was asked by Police Scotland to speak at Police Scotland's first Serious Organised Crime Prevention Conference for Public Sector Partners held at the Police Scotland College, Tulliallan. After this Conference, the CFT Supervisor was contacted by several public sector partners for advice and guidance relating to the formation of an Integrity Group within their organisations.

The Council's Integrity Group, which meets regularly, receives, considers and monitors organisational vulnerability alerts / fraud and corruption flags identified via a number of sources, including intelligence from external bodies, and agrees appropriate actions / preventative measures to mitigate the risks identified. At the Scrutiny Committee Meeting on 17 April 2019, Elected Members received the Council's first Corporate Integrity Group Report (Article VIII, Report No. 155-2019). The CFT Supervisor has worked, and will continue to work, with Police Scotland to deliver presentations promoting the Integrity Group concept to Police Scotland officers, local authorities and other public sector bodies.

The CFT Supervisor has continued during 2018/19 to be the Scottish representative on the Executive Board of the National Anti-Fraud Network (NAFN) and a member of the Scottish Local Authorities Investigators Group (SLAIG). As part of SLAIG, the CFT Supervisor actively participates with the Crown Office and Procurator Fiscal Service (COPFS) and Scottish Government in preventing and detecting 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 Council key 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 relating to Housing Benefit fraud and error in Dundee.

Professional development for members of staff within the CFT continues with Police Scotland's College being one of its main providers of training courses and learning materials. One CFT Investigator has also commenced studying towards the professional qualification of Association of Certified Chartered Accountants (ACCA).

## **4.3 CORPORATE FRAUD EMPLOYEE INVESTIGATIONS**

Fraud and corruption are ever present risks in all organisations and can have a negative impact through disruption to services or undermining the achievement of objectives.

The Council acknowledges its responsibility for ensuring that fraud and corruption risks are mitigated / managed effectively. All allegations of fraud and corruption are investigated by CFT staff, in partnership with other Council colleagues and external agencies where appropriate.

The CFT's main activity during 2018/19 was investigating allegations of fraud, bribery and corruption, which at times involved working alongside Police Scotland. Through the investigations relating to these allegations, the CFT identified a number of risks. Recommendations were subsequently made to service areas to help improve internal controls, mitigate the risks and, in turn, strengthen the Council's governance arrangements.

During 2018/19, CFT investigations involving employees totalled 17. Examples of investigations included allegations of improper conduct with contractors, benefit fraud, procurement card misuse, Council Tax discounts / exemptions, blue badge misuse and breach of Council policies. Following conclusion of these investigations, recommendations for improvements to internal controls to help reduce the risk of similar incidents happening in the future are passed to HR and each employee's Head of Service. It is the remit of HR and the employee's Head of Service to consider whether any disciplinary action is required.

#### **4.4 WHISTLEBLOWING**

The Council's Whistleblowing function is managed by the CFT. In line with the policy, all Whistleblowing allegations received are shared with the Head of Human Resources and Business Support, the Head of Democratic and Legal Services and the Senior Manager – Internal Audit. These managers, or an appropriate delegated officer, determine how best to proceed and who should lead the 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. 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. For the 12 month period to 31 March 2019, the Council received 14 Whistleblowing allegations, which is a 100% increase on last year's figures (albeit 2017/18 was for a 7 month period), demonstrating a positive culture in which staff feel comfortable enough to report their concerns. Whistleblowing allegation statistics and outcomes data, split by service area, can be found at Appendix 2.

#### **4.5 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.

#### **5.0 POLICY IMPLICATIONS**

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

## **6.0 CONSULTATIONS**

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

## **7.0 BACKGROUND PAPERS**

None.

**GREGORY COLGAN**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**29 August 2019**



**CORPORATE FRAUD ACTIVITY AND PERFORMANCE REPORT - 1 APRIL 2018 TO  
31 MARCH 2019**

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

SERVICE AREA / FRAUD TYPE	NUMBER OF REFERRALS
Housing Tenancy	11
Blue Badge	23
Council Tax (Council Tax Reduction / exemptions and discounts)	43
Corporate Services - Payroll	1
Corporate Services - HRBS	2
Corporate Services - Incomes & Banking Services	2
Corporate Services - Procurement	1
Corporate Services - Pensions	1
Children & Families Service	4
City Development	4
Neighbourhood Services - Grants, Housing & Communities	11
Construction Services	5
DH&SCP	3
<b>SUB-TOTAL</b>	<b>111</b>
Housing Benefit - DWP Information Exchange for Investigation Cases	156
<b>TOTAL</b>	<b>267</b>

## APPENDIX 1 (Cont'd)

**Table 2 – Savings / Benefits Identified**

FRAUD TYPE	NUMBER OF CASES	SAVINGS IDENTIFIED (£) / BENEFITS
Housing Tenancy	2	36,000 / 2 house returned to Housing stock
Blue Badge	8	16,000 / 7 badges removed for misuse by 3 <sup>rd</sup> party and 1 prosecution
Council Tax (Council Tax Reduction / exemptions and discounts)	42	45,756
Payroll	1	11,408
Parking	4	709
Procurement	2	32,960
Pensions	1	627
Housing Benefit (identified during other CFT investigations)	2	4,416
<b>SUB-TOTAL</b>	<b>62</b>	<b>147,876</b>
<b>Housing Benefit - DWP Information Exchange for Investigation Cases</b>	<b>42</b>	<b>236,700</b>
<b>TOTAL</b>	<b>104</b>	<b>384,576</b>

## APPENDIX 2

The tables below provide a summary of results from the Whistleblowing activity for 12 months to 31 March 2019.

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

Related Service Area	No. of Allegations
Neighbourhood Services - Environment	2
Neighbourhood Services - Housing & Communities	3
Construction Services	3
City Development	2
DH&SCP	4*
<b>TOTAL</b>	<b>14</b>

\* 1 case related to 3<sup>rd</sup> party agency staff. The 3<sup>rd</sup> party dealt with the allegation, however, due to GDPR, the outcome of the investigation is unknown and, therefore, is included in the following table.

**Table 2 – Outcomes of Whistleblowing Allegations**

Outcomes	No. of Allegations
No further action / unsubstantiated	11
Resigned during disciplinary	1
Ongoing	1
<b>TOTAL</b>	<b>13</b>