

REPORT TO: SCRUTINY COMMITTEE – 23 SEPTEMBER 2020

**REPORT ON: CORPORATE FRAUD TEAM ACTIVITY AND PERFORMANCE,
INCLUDING WHISTLEBLOWING 2019/20**

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 218-2020

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 2020, 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 2019/20 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 2019/20 at Appendix 2, including allegation statistics and outcomes.

3.0 FINANCIAL IMPLICATIONS

In the year to 31 March 2020, the CFT identified savings in of £56,582 from general investigative work and £304,563 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 (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 £56,582 of savings in the year to 31 March 2020, including a notional element of £8,000 relating to blue badge cases. With reference to Article XVI, Report No 84-2015 of the Policy and Resources Committee held in February 2015, 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 and during the year to 31 March 2020, that work identified £304,563 of fraud and error in Housing Benefits. 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, 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 2019/20, the CFT has continued to provide a diverse range of advice, guidance and support to the Council's strategic services, Dundee Health and Social Care Partnership (DH&SCP) and Leisure & Culture Dundee.

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.

Work carried out by the CFT continued to evolve throughout service areas in the Council during 2019/20. In addition, the CFT has been actively involved in operational groups and processes, including the Serious Organised Crime Group, Integrity Group and most recently the Compliance Group (see 4.3 below), all of which are chaired by the Head of Corporate Finance.

In May 2019, the CFT Supervisor attended a 2-day Police Scotland course, along with the Council's Corporate Procurement Manager, regarding the impact of Serious Organised Crime on Public Sector Services. As a result of the knowledge gained from attending the course, the Council's Serious Organised Crime Group delivered 4 training sessions for Council staff along with Police Scotland in October 2019 to increase awareness surrounding Modern Slavery, Human Trafficking, Sexual Exploitation and County Lines Drug Dealing. The training was specifically aimed at frontline staff who are required for operational reasons to enter residential properties (in all sectors) and / or business premises. A total of 120 staff, including the Executive Director of Neighbourhood Services and the Executive Director of Children and Families Service, attended the sessions.

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 Council's CFT Supervisor delivered a joint presentation with the DH&SCP's Locality Manager (responsible for the Blue Badge Team) at a Parking Scotland meeting about the partnership working approach in Dundee, which continues to be informed by Blue Badge holders through survey results, complaints and suggestions. The operational partnership, involving the CFT, DH&SCP's Blue Badge Team and the Council's Parking Team, was established to support prevention of Blue Badge fraud, as well as the protection of Blue Badge holders and, where considered appropriate, successful enforcement. Following the presentation, Disabled Motoring UK, a charity that supports Blue Badge holders, contacted the CFT Supervisor to ask for an article to be written for its monthly members magazine. The CFT Supervisor worked alongside the Council's Communications Team to compile an article, which was published in the August 2019 edition of the magazine.

The CFT Supervisor has continued during 2019/20 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 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 from Housing Benefit fraud and error in Dundee.

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

4.3 COMPLIANCE GROUP / SUB-GROUP

A Compliance Group has been established within Corporate Finance to provide operational overview to ensure a sound, consistent system of internal control exists across the Council. Membership of the core Compliance Group, which is chaired by the Head of Corporate Finance, is the Council's Senior Manager – Internal Audit, Senior Manager - Financial Services and Corporate Procurement Manager. A Senior Accountant has since joined as a new member of the group.

The work of the core Compliance Group, including prioritised engagement with Council services, is informed through a risk-based approach. During 2019/20 the Compliance Group created a Children and Families sub-group to target specific areas for improvement within the service and, through the delivery of targeted training, increase staff awareness surrounding the importance of internal controls. The CFT Supervisor is a member of the Children and Families sub-group along with colleagues from corporate procurement and financial services.

In October 2019, awareness training was delivered by the sub-group to 70 school / nursery administrative and early years staff. The CFT Supervisor's presentation was designed to provide those who attended with Corporate Fraud Awareness & Risk training, specific to their roles within Children and Families, Education. Presentations were also delivered that day relating to procurement (including guidance on the use of a Corporate Procurement Card), general school finance (including roles and responsibilities) and the ParentPay system.

Following on from the above, the CFT Supervisor was invited by the Children and Families Service to attend a training event for all Head Teachers in November 2019 to deliver a similar fraud awareness raising presentation. In addition, the CFT Supervisor was asked to attend a meeting with the Primary School Head Teachers Association in February 2020 for a questions and answers session regarding fraud and risk.

4.4 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 in 2019/20 was investigating allegations of fraud, bribery and corruption, which at times involved working alongside Police Scotland and the COPFS. 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. Several cases are ongoing investigations with Police Scotland and COPFS. Regular updates are provided to senior management and to the Council's Integrity Group.

Other CFT investigations during 2019/20 involving employees included allegations of improper conduct with contractors, missing cash and goods, misuse of Council vehicles and tools, receiving undeclared hospitality, procurement card misuse, Council Tax reduction and discounts, Blue Badge misuse, misuse of flexi and annual leave system and breach of Council policies. Following conclusion of these investigations, recommendations for improvements to internal controls to reduce the risk of similar incidents happening in the future are passed to HR and the 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.

4.5 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 2020 the Council received 26 whistleblowing allegations, 24 of which related to the Council, representing a 71.4% increase on last year's figure of 14. The increase 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 outcomes data.

4.6 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 2020

**CORPORATE FRAUD ACTIVITY AND PERFORMANCE REPORT - 1 APRIL 2019 TO
31 MARCH 2020**

Table 1 – CFT Referrals / Information Exchanges Statistics

SERVICE AREA / FRAUD TYPE	NUMBER OF REFERRALS
Blue Badge	19
Council Tax (Council Tax Reduction and discounts)	42
Housing Tenancy	10
Children & Families	13
City Development	4
Construction Services	10
Corporate Services	3
Neighbourhood Services	12
Leisure & Culture Dundee	1
SUB-TOTAL	114
Housing Benefit - DWP Information Exchange for Investigation Cases	142
TOTAL	256

Table 2 – Savings / Benefits Identified

FRAUD TYPE	NUMBER OF CASES	SAVINGS IDENTIFIED (£) / BENEFITS
Blue Badge	4	8,000 (3 badges removed from 3 rd parties due to misuse and 1 prosecution)
Council Tax (Council Tax Reduction and Single Person Discount)	52	46,342
Housing Benefit (identified during other CFT investigations)	5	2,240
SUB-TOTAL	61	56,582
Housing Benefit - DWP Information Exchange for Investigation Cases	36	304,563
TOTAL	97	361,145

The tables below provide a summary of results from the whistleblowing activity for 12 months to 31 March 2020.

Table 1 – Whistleblowing Allegations per Service Area

Service Area	No. of Allegations
Children & Families	1
City Development	2
Construction Services	15*
Corporate Services	2*
Neighbourhood Services	2
Dundee Health & Social Care Partnership	2
TOTAL	24

* Some contained the same information provided in a previous allegation.

Table 2 – Outcomes of Whistleblowing Allegations

Outcomes	
Ongoing	4 allegations
No further action / unsubstantiated	10 allegations
Dealt with in line with current HR procedures **	5 individuals

** more than one of the same (or similar) allegations received for 4 of the individuals

