

This Appendix sets out the fraud and corruption allegations that have been investigated during 2018. It has been the requirement of the Audit Committee for some years now, to have sight of local investigations undertaken, and where possible to do so in a formal meeting. It will not be possible to give complete detail on individual cases as set out below in a public meeting, but the case notes are intended to give members an understanding of the frauds that are attempted against the County Council in their role as “those charged with governance”.

As set out in the main Anti-Fraud and Corruption report, consideration of these cases and potential control weaknesses that they suggest will be considered in the Internal Audit Plan that will come to the Audit Committee in March 2019.

The previous report brought to the January 2018 Audit Committee listed 10 cases that were investigated in 2017. Members may recall that these included an increased number of allegations around “abuse of position” by officers, which prompted the Chief Executive to organise a number of presentations from the (then) Chief Internal Auditor to senior staff to raised awareness of the risks and the need for vigilance.

All but one of these 10 previously reported cases are now closed. One has been formally reported to the Police (where an ex-officer had abused his position to take cash from a vulnerable user group). Some of the previously reported cases have resulted in strong disciplinary action as a result.

It is important to realise that only a proportion of allegations will result in a formal report to Action Fraud, which is the reporting route into the Police for any suspected frauds. To commit fraud requires intent, and the level of evidence that will be needed to make a report to Action Fraud is necessarily higher for a possible criminal conviction than for (say) a civil claim that will be settled on the balance of possibilities. However, this does not preclude HR actions from within the County Council, such as a disciplinary hearing and potential dismissal for gross misconduct.

The number of new cases investigated in 2018 has dropped from 10 to 6.

Investigation of a fraud or corruption claim can require a significant resource, but our zero tolerance policy clearly means that we will investigate every case. The continued assistance and expertise from senior auditors within SWAP in investigating allegations remains essential and is recognised by the County Council. It is also acknowledged that SWAP has been very flexible with the Internal Audit Plan and its own staff resources in order to provide an auditor to investigate each case. In all cases, where an allegation is made by (say) a member of the public, they are informed (without any of the detail) of the outcome of the investigation.

Case 1 Procurement Fraud (from previous report, still in progress with the Police)

Officers were concerned about payment claims from a service supplier that did not appear to match activity levels that we could independently verify. As a result, specialist SWAP officers were commissioned to investigate the potential discrepancies between amounts claimed and due.

This work by SWAP revealed enough serious evidence of a potential fraud for a report to be made to Action Fraud, and for specialist police officers to be assigned to the case.

There is an ongoing police investigation and is a very complex case. During 2018, Detective Constables visited the County Council on several occasions and have now taken witness statements from officers. It is anticipated that this work will still need to continue, with the possibility of a criminal charge being made in 2019.

Case 2 Grant Fraud (closed)

An allegation was received from a member of the public stating that an individual that they knew personally had fraudulently claimed European Union flooding grants that were administered through Somerset County Council, possibly by referring to their company as a charity. It was further alleged that this individual deliberately arranged the tender process for works to be done under these grants to be won by a company at which a family member was a Director, regardless of the amount bid. SWAP reviewed all the documentation at the time of the grant and works (dating back to 2009), and the grant requirements, discussing it with the relevant SCC officer. The investigation was slightly hampered by the time elapsed since the grant award, but it did not find any evidence of fraud. The grants did not specifically have to go to a charity. When tender values were checked, it was clear that the lowest price had been taken.

Case 3 Bribery and Corruption Allegation (closed)

A member of the public alleged that an officer was receiving payments in relation to a planning matter, which they believed was the only reason for the officer's advice in relation to a local issue. This was investigated by SWAP and there was no evidence of financial impropriety. Because of the sensitive and important nature of this allegation, SWAP also reviewed both the planning matter itself, and the wider service process around the provision of such advice. In both cases, it was reported that the audit trails were largely satisfactory, and we would be able to demonstrate and defend our decision-making process if required.

Case 4 Tax evasion allegation with regard to Direct Payments (under investigation)

This case came from SCC officers who were concerned as to the nature and usage of payments being made to a care provider, who was a relative of the individual entitled to care. The individual concerned is certainly entitled to care, but it appeared that the payment arrangements put in place by the relative could have been seen as an attempt to evade tax on the Direct Payments, to be paid at a higher rate to which they not entitled, and to spend the money on items that were not appropriate.

Having been alerted to the issue, the service moved with commendable speed to meet with the family and to ensure that better controls were in place, and a better understanding of due process and management of the money.

This case is still under consideration as to whether the actions of the relative could have been a deliberate attempt to evade tax, in which case under our Policy and the 2017 Act, we would be obliged to report it.

Case 5 Procurement allegation (closed)

Officers found, as a result of routine administration, that a residential provider had continued to charge for residents that had recently died. The process for making

payments is largely automated and the deceased had not been taken off the care provider's system. When challenged, the care provider accepted that they had made an error, and all overpayments (a five-figure sum) will be recovered. Whilst this could not be considered as a fraud case for further investigation, it did highlight an issue that will be worth days on the Internal Audit Plan to review the process.

Case 6 Procurement allegation (under investigation)

This case came from a combination of SC officers' concern and the family of a resident in care. The allegation was that the service provider had failed to supply all commissioned elements of a care package for a service user, as funded and agreed by the Council. This was particularly around 2:1 support for the individual, and additional support in school holidays and overnight. The investigation has only just made its preliminary report, and work will continue. It is very difficult to ascertain at present whether or not there is sufficient evidence at present to substantiate the allegation, and further work will be needed.

Case 7 Procurement allegation (closed)

This was an allegation that a member of staff (who was leaving anyway) had used their County Council procurement card to make on-line purchases through Amazon. Officers accidentally using an SCC card as opposed to their own personal credit card has happened several times in the past, and it is usually acknowledged and can be promptly rectified. In this case, the individual used the SCC card on a number of occasions. However, it appears that Amazon on-line will remember the details on a card and unless overridden will use the same card as previously used. It is not unknown for officers to use Amazon for on-line purchases, and the individual has admitted the error and agreed to repay what is owing.