

Shan Morgan
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

Nick Ramsay, AM
Chair
Public Accounts Committee

24 September 2019

Dear Mr Ramsay,

Welsh Government officials were pleased to be invited to take part on the Committee's Stakeholder event on 1 July 2019 to discuss and share good practice on Counter Fraud in the Public Sector. I also welcomed the Auditor General's report on the biennial National Fraud Initiative (NFI) in 2018 and his report on Counter-Fraud Arrangements in the Welsh Public Sector in 2019.

The Welsh Government has taken a proactive approach to collaborative working on counter-fraud across Wales and has taken part in several initiatives to share good practice and facilitate discussion relating to all aspects of fraud awareness and investigation. These have included:

- Counter-Fraud staff presenting at WAO Good Practice Exchange events on fraud which were attended by public organisations from multiple sectors; and
- presenting at workshops with local authorities and North Wales Police to learn lessons and improve the control framework following the concessionary bus frauds.

In addition, various investigations have led us to share information with many organisations to prevent or investigate fraud including local authorities, the Charity Commission, Big Lottery Fund, Insolvency Service, educational bodies, NHS Counter Fraud, Companies House, UK Cabinet Office, Police and the National Crime Agency. These interactions have reinforced the view, which I know you and your Committee share, that there are varying levels of understanding, resources and expertise within public sector bodies across Wales.



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Your Committee has directed two specific recommendations to the Welsh Government following the Stakeholder event, regarding counter-fraud arrangements in the wider Welsh public sector:

Recommendation: We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.

Response: Accept

The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure. As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership. To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers' agreement, we will agenda an item for the next possible meeting.

Recommendation: We ask that the Welsh Government consider how it can best provide stronger national leadership and better quality guidance on the sharing of information to help strengthen and improve the impact of counter fraud activities across the Welsh public sector.

Response: Accept

I am supportive of any move to increase the understanding of fraud and the consistent application of best practice techniques across the Welsh Public Sector and there exists already a vehicle to bring together counter-fraud practitioners and other interested parties and drive forward a common understanding of this important area.

The Welsh Government's Head of Counter-Fraud is Deputy Chair of the Wales Fraud Forum (WFF), which is a not-for-profit company run by a strategic board of volunteers. Its aims are to help prevent fraud in Wales by raising awareness in the public and private sectors and amongst individuals. In particular, its stated objectives include to:

- bring the public and private sectors together to fight fraud and financial crime and to protect the economy of Wales;
- promote fraud awareness amongst its membership, organisations and individuals throughout the region;



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- create good practice cultures by encouraging and developing anti-fraud strategies for its membership to utilise;
- establish a best practice between its members for fraud prevention, investigation and detection; and
- promote an open and co-operative environment between the membership in both the public and private sectors.

The Forum is held in high regard; in 2017 the current First Minister gave the keynote address at its annual conference and outlined his support for effective counter-fraud arrangements across Wales. Forum membership includes the Wales Audit Office as well as a number of public and private sector organisations.

Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.

We agree there is potential in the use of data sharing between Welsh public bodies to improve the impact of counter-fraud activities. The introduction of the Digital Economy Act gives the Welsh Government and certain scheduled Welsh public bodies useful new powers to share data with each other compliantly to identify potential fraud. Officials are working on setting up the appropriate governance for taking forward the use of these new powers in Wales, and are aiming for a panel to be in place by the end of the financial year to consider potential uses of the powers.

Given the time some of these initiatives may take to develop, I will write to provide the Committee with an update on the actions taken by the end of the current financial year.

Yours,


Shan Morgan
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