

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 21 July 2025
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Report Title:	Annual Corporate Fraud Report 2024-25
Purpose of Report:	To provide members of the Governance and Audit Committee details of the actions undertaken in respect of counter fraud during 2024-25 including an update on the National Fraud Initiative (NFI) Exercise
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Monitoring Officer and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> One of the core functions of an effective Governance and Audit Committee is to consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements. The Annual Corporate Fraud Report at Appendix A outlines the actions the Council has taken to further improve its resilience to fraud in respect of proactive work and the progress made against the steps identified to support continual improvement which includes fraud awareness training and revision of fraud policies. The Annual Corporate Fraud Report provides an update on the National Fraud Initiative and includes a completed self-appraisal checklist issued by Audit Wales. The Annual Corporate Fraud Report also includes a summary of the counter fraud work undertaken during 2024-25 including Council Tax Reduction (CTR) fraud, Single Person Discount, internal allegations and joint working with the Department of Works and Pensions. The investigations undertaken into the allegations of welfare benefit fraud during 2024-25 by the Corporate Fraud Officer using the Council's Enforcement Policy has resulted in a total of £202,507 of recoverable funds being identified during the year. 	

- Finally the report outlines the joint working and partnerships in place which supports the counter fraud activities undertaken within the Vale of Glamorgan Council.

Recommendations

1. Members of the Governance and Audit Committee are asked to note the report, the measures in place and the work being undertaken to prevent and detect fraud and error.

Reasons for Recommendations

1. To ensure effective monitoring of fraud and irregularity work is undertaken.

1. Background

- 1.1 One of the core functions of an effective Governance and Audit Committee is to consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- 1.2 Fraud is the most frequently experienced crime in the UK, affecting our society both economically and socially. It accounts for over 40% of all crime recorded in England and Wales. Fighting Fraud locally requires a strategic approach by local government, one which addresses the need for greater prevention and smarter enforcement.
- 1.3 When fraudulent activities are perpetrated against the Council, they divert and diminish limited resources, jeopardising services for residents and incurring expenses for taxpayers.
- 1.4 The Council sets high standards in promptly dealing with all allegations or suspicions of fraud, bribery, and corruption. Policies, procedures, and reporting mechanisms are in place to prevent, detect, and report all types of fraud.
- 1.5 Therefore, this annual report provides the Governance & Audit Committee with information on the arrangements in place during 2024-25 for managing the risks of fraud with the aim of prevention, detection and subsequent investigation and reporting of fraud.

2. Key Issues for Consideration

- 2.1 The Annual Corporate Fraud Report attached at **Appendix A** summarises the counter fraud work undertaken within the Council during 2024-25.
- 2.2 The Council's Counter Fraud Strategy and Framework, supported by various policies, underpins the Council's commitment to prevent all forms of fraud, bribery and corruption, whether it be attempted externally or from within. Steps to support continual improvement are at **Annex 1** and include areas such as training and fraud awareness, fraud policies, the fraud risk register, and the use of data analytics.
- 2.3 During 2024-25 the Corporate Fraud Investigator undertook welfare fraud investigations using the Council's Corporate Fraud Enforcement policy. Referrals were received from a variety of sources including internal staff, Council website and the National Fraud Initiative (NFI). In total £202,507 of recoverable funds has been identified during the year.
- 2.4 The National Fraud Initiative (NFI) is a biennial exercise coordinated in Wales by Audit Wales whereby data is extracted from the Council's systems and reports. This data is matched against data submitted from other bodies from across the UK such as other Local Authorities, DWP, NHS bodies, Police and Housing Associations, HMRC etc. It is important to note that where a match is found, it is not in itself evidence of a fraud, it may be an error or an inconsistency that requires further investigation.
- 2.5 The Annual Corporate Fraud Report provides details of the results gained during 2024-25 from the NFI data matching exercise. A total of 20 fraud or error matches, using the data received in January 2023 were identified amounting to £45,048 being recoverable. The current data matching exercise, using data extracted in October 2024, is underway with 4,280 matches being received across areas including housing benefit, council tax reduction scheme, payroll, blue badges, creditors, and licensing have been identified. Work has commenced on these and results will be recorded in future reports.
- 2.6 In addition, the Cabinet Office use a defined methodology for calculating projected savings which predicts the potential or projected loss if the fraud/error had not been identified. The projected savings are also published by Audit Wales in their fraud related reports. It is not "real" money to the authority and cannot be reflected in bottom line savings. More detail is in **Annex 2 of Appendix A**.
- 2.7 The Annual Corporate Fraud Report also provides the results of the annual single person discount matching exercise from NFI. A total of 120 fraud or errors were identified in households during 2024-25 with the recoverable value of £101,069.
- 2.8 In November 2024 Audit Wales issued a Self-Appraisal checklist to help participating bodies self-appraise how they are engaging with the NFI. Audit Wales encouraged all participating bodies to complete the checklist and present it to

those charged with governance to support scrutiny of their NFI arrangements. The completed checklist is at **Annex 3 of Appendix A**.

- 2.9** Four potential fraud or irregularity matters were referred directly to Internal Audit for review during 2024-25. This work can be generated in several ways, by whistleblowing or complaint referrals; via the Speak Out service; by Managers who may have concerns over a certain issue or individual or because of an audit review. The nature of the work and outcome is detailed in Appendix A. In these cases, fact-finding reports were presented to Senior Officers to consider the next course of action, such as disciplinary and or recovery action and if necessary, recommendations are also made to improve any weaknesses identified to improve the control environment.
- 2.10** It is the responsibility of the Councils Corporate Fraud Officer to investigate all suspected cases of Council Tax Reduction (CTR) Fraud and the Council's Corporate Fraud Enforcement policy allows for sanctions to be applied. During 2024-25, 55 referrals were received, 40 of these included DWP benefits and were forwarded to the DWP, some will result in a joint investigation with them. The source and type of allegation is identified within the Annual Corporate Fraud Report at **Appendix A**, and the CTR, and incidental Housing Benefit, recoverable value achieved as a result of these fraud investigations concluded during 2024-25 is £56,390.
- 2.11** Finally, the Corporate Fraud Annual Report outlines the collaborative working and partnerships that the Council is involved with. The Council's Corporate Fraud Officer is supported by the Regional Internal Audit Service and mentors the Fraud Officer from Merthyr Tydfil County Borough Council. There is also a close working relationship with the fraud counterpart in Bridgend Council. Throughout 2024-25 the joint working relationship with the Department of Work and Pensions has resulted in several benefit fraud referrals being exchanged between both parties. In addition, the Corporate Fraud Officer continues to work closely with the Council's Revenues and Benefits teams with a view to undertaking investigations where a possible fraud of Council Tax Reduction Scheme benefit is identified.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** These measures aim to prevent or reduce the risk of fraud occurring. The programme of fraud awareness training and participation in the national data matching exercise demonstrates collaboration with others with the aim of making improvements over the longer term.

4. Climate Change and Nature Implications

None as a consequence of this report

5. Resources and Legal Considerations

Financial

- 5.1** To ensure that the Council funds and resources are used appropriately.

Employment

- 5.2** There is a resource impact in relation to the investigation and resolution of potential fraud matters. The impact is borne by Directorates and Internal Audit.

Legal (Including Equalities)

- 5.3** Public Service organisations have a responsibility to embed effective standards for countering fraud, corruption and bribery into the organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

6. Background Papers

None



ANNUAL CORPORATE FRAUD REPORT

2024/25

**Nic Galvin – Corporate Fraud Officer
Joan Davies – Deputy Head of RIAS
July 2025**

**REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL**



Section 1 – Introduction

- 1.1 This report was prepared by the Council's Corporate Fraud Officer in conjunction with the Regional Internal Audit Service (RIAS).
- 1.2 Fraud is the most frequently experienced crime in the UK, affecting our society both economically and socially. It accounts for over 40% of all crime recorded in England and Wales. Fighting Fraud locally requires a strategic approach by local government, one which addresses the need for greater prevention and smarter enforcement.
- 1.3 Fraud and corruption in the public sector are growing issues that cost the Government an estimated £55 billion per year, as reported by the National Audit Office in November 2024. It can also detrimentally affect the public's trust and the effective functioning of vital services. This highlights the importance for organisations across the public sector to strengthen their responses to tackling fraud by working together, incorporating new technologies and developing anti-fraud working cultures. Public sector entities need to review policies and practices, fostering a united front in the ongoing fight against fraud.
- 1.4 When fraudulent activities are perpetrated against the Council, they divert and diminish limited resources, jeopardising services for residents and incurring expenses for taxpayers. Fraud perpetrated against a local council is far from a victimless offense. It involves not only the financial losses incurred through theft or fraud but also the time lost in investigating and rectifying the problems, coordinating with law enforcement and legal representatives, potential court expenses, rising insurance costs, damage to the reputation of both individuals and the Council collectively, as well as a decline in staff morale.
- 1.5 The Council sets high standards in promptly dealing with all allegations or suspicions of fraud, bribery, and corruption. Policies, procedures, and reporting mechanisms are in place to prevent, detect, and report all types of fraud. These include the Anti-Fraud, Bribery and Corruption Policy, the Counter Fraud Strategy and Framework and the Corporate Fraud Enforcement Policy.
- 1.6 The on-going cost of living crisis has had a major impact on everyone during 2024-25. There has been a significant rise in councils being targeted by cyber fraud and potential scams. This growing trend has placed more importance on the need for a greater fraud presence and awareness among councils to ensure that staff are equipped to identify such threats.
- 1.7 During 2024-25 the Corporate Fraud Officer commenced investigating allegations of welfare fraud using the Council's Corporate Fraud Enforcement policy. Referrals have been received from a variety of sources including internal staff, the Council website and the National Fraud Initiative (NFI). As a result, the total of £202,507 recoverable fraud savings has been identified which are detailed further within this report.

Section 2 – Proactive Work

- 2.1 The Council's Counter Fraud Strategy and Framework underpins the Council's commitment to prevent all forms of fraud, bribery and corruption, whether it be attempted externally or from within. It sets out the developments and actions the Council proposes to take over the medium-term future to further improve its resilience to fraud, bribery and corruption. These steps to support continual improvement are shown at **Annex 1** and the progress that has been made against the headings is described below.

Fraud Risk Register

- 2.2 The Council can be exposed to fraud and corruption through a variety of internal and external sources. These include:
- Council Tax Reduction Scheme
 - Social Housing
 - Housing Benefit
 - Cyber Fraud
 - Organised Crime/Money Laundering
 - Procurement
 - Grants
 - Parking concessions (blue badges)
 - Insurance
 - Direct Payments
- 2.3 It is important that the Council acknowledges the risk of fraud and undertakes an assessment on how it prevents, detects, and pursues monies or assets obtained fraudulently, while considering how services that are more susceptible manage that risk. A detailed Fraud Risk Register was updated in January 2025, which provides a robust tool in identifying fraud risks and the actions required to mitigate these by ensuring the Council's resources are targeted correctly.

Policies

- 2.4 The Council's fraud policies were updated and approved by the Governance & Audit Committee on 6th January 2025. These were:
- The Counter Fraud Strategy & Framework
 - The Anti-Money Laundering Policy
 - The Anti-Tax Evasion Policy
 - The Anti-Fraud Bribery and Corruption Policy
 - The Corporate Fraud Enforcement Policy
- 2.5 Other relevant policies currently in operation which assist in the overall fraud awareness strategy are listed below:

- Whistleblowing Policy
- Employee Code of Conduct
- ICT Code of Conduct
- Contract and Financial Procedure Rules
- Various HR Policies

Training & Fraud Awareness

- 2.6 The intranet / staffnet pages have been improved to keep staff updated with all relevant fraud information. Alerts have been posted on the staffnet pages to raise staff awareness and advise of potential threats. A external webpage for benefit fraud referrals has also been developed and implemented during the early part of the year. As a result, there has been a significant improvement in terms of the quality and quantity of benefit referrals received from the public.
- 2.7 The Corporate Fraud Officer has continued to deliver Fraud Awareness sessions in person and remotely during the year. This training was provided to staff employed within Corporate Resources and more recently to those employed within the Housing and Social Service departments. 59 employees attended fraud awareness sessions during 2024-25, and further sessions are scheduled to cover other service areas planned during 2025-26.
- 2.8 A Fraud Prevention e-learning module was launched towards the end of 2024-25 which will be mandatory for key roles throughout the Council and optional for others. This e-learning will enhance staff and Members' understanding of how fraud may occur, it should encourage prevention, promote detection of suspicious activities, whilst encouraging staff and Members to act with integrity and to respond effectively when incidents occur.

Data Analytics

- 2.9 Data analytic tools and techniques continued to be developed during the year to enable data held within the financial systems to be extracted and analysed. This has enabled increased testing within planned audits and has provided an opportunity to identify any trends that may be occurring.

Section 3 – National Fraud Initiative

- 3.1 The National Fraud Initiative (NFI) is a biennial exercise coordinated in Wales by Audit Wales whereby data is extracted from the Council's systems and reports. This data is matched against data submitted from over 1200 other bodies such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations etc. It is important to note that where a match is found, it

is not in itself evidence of a fraud; it may be an error or an inconsistency that requires further investigation.

- 3.2 Internal Audit together with the Council's Corporate Fraud Officer facilitates the upload of data, user account management and offers support and advice to all officers reviewing the data matches.
- 3.3 The data received from the January 2023 release continued to be examined during 2024-25 and a total of 20 frauds or errors were identified as illustrated in **Table 1**.

Table 1 – NFI 2023 Matching Exercise – Results 2024-25

Type	Fraud/Error Number	Fraud/Error Value	Recoverable	Cabinet Office Projected Savings
Duplicate records by supplier invoice amount and creditor reference	16	£31,236.83	£31,236.83	£00:00
Housing Benefit to Student Loans	1	£8,294.20	£8,294.20	£3,395.49
Duplicate records by supplier invoice number and invoice amount	1	£1,000	£1,000	£00:00
Council Tax Reduction Scheme to HMRC Earnings and Capital	1	£2,300.78	£3,211.32	£1,452.00
Duplicate records by Post Code	1	£1,305.58	£1,305.58	£4,847.49
TOTAL	20	£44,137.39	£45,047.93	£9,694.98

- 3.4 Cabinet Office projected savings are calculated using a defined methodology which predicts the potential or projected loss if the fraud/error had not been identified. The projected savings are published by Audit Wales in their fraud related reports. It is not “real” money to the authority and cannot be reflected in bottom line savings. Details of this methodology is at **Annex 2**
- 3.5 The current data matching exercise began in October 2024 when data was extracted and forwarded to the Cabinet Office. The resulting matches were released to the Council in January 2025 and are due for completion by October 2026. Initially a total of 4,280 matches across areas including housing benefit, council tax reduction scheme, payroll, blue badges, creditors, and licensing have been identified. It is possible that further matches will be released to the Council as the exercise progresses. Work has commenced on these and outcomes will be reported within the 2025-26 Corporate Fraud report.

Single Person Discount (SPD)

- 3.6 The NFI also produce an annual exercise relating to SPD generated within the Council Tax system. These matches highlight where there may be more than one adult at a location currently in receipt of SPD.

- 3.7 A total of 2,598 households were identified for review during 2024-25. The review of these data matches resulted in 120 frauds or errors being identified. **Table 2** summarises the results and more detail.

Table 2 – NFI Single Person Discount Results 2024-25

Type	Fraud/Error Number	Fraud/Error Value	Recoverable	NFI Projected Savings
Council Tax to Electoral Register	116	£100,432.09	£100,432.09	£116,520.78
Council Tax Rising 18s	4	£637.24	£637.24	£4,311.88
TOTAL	120	£101,069.33	£101,069.33	£120,832.66

- 3.8 Further SPD data was extracted and forwarded to the NFI in October 2024, and more matches were produced in January 2025. In total, a further 1,810 matches have been produced for investigation, work has commenced on these and will be reported within the 2025-26 report.
- 3.9 In November 2024 Audit Wales issued a Self-Appraisal Checklist to help participating bodies self-appraise how they are engaging with the NFI. Audit Wales encouraged all participating bodies to complete the checklist and present it to those charged with governance to support scrutiny of their NFI arrangements. The completed checklist is included at **Annex 3**.

Section 4 – Counter Fraud & Corruption Work

- 4.1 Under the Public Sector Internal Audit Standards (PSIAS), which were in place during the year, internal audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is widely recognised that effective internal audit is good practice and provides support to the Council's Section 151 Officer in discharging their responsibilities as contained in legislation.
- 4.2 The Head of Internal Audit provides an annual report which gives an overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control based on the audit work undertaken during 2024-25. The annual opinion for 2024-25 was "*Reasonable Assurance*" with no significant cross-cutting control issues identified that would impact on the Council's overall control environment. This opinion statement was considered by the Governance and Audit Committee on 23rd June 2025 and is included with the Council's Annual Governance Statement.
- 4.3 Four potential fraud or irregularity matters were referred directly to Internal Audit for review during 2024-25. This work can be generated in several ways, by whistleblowing or complaint referrals; via the Speak Out service; by

Managers who may have concerns over a certain issue or individual or because of an audit review. These are listed in **Table 3**, but the values are not currently quantified.

Table 3 - Counter Fraud & Corruption Work

Counter Fraud & Corruption Work	Outcome
Potential Covid Grant Fraud	To be referred to another Agency
Misuse of Council time and vehicle	Awaiting Disciplinary Outcome
Falsifying timesheets	Fact finding complete – referred to Management to consider disciplinary action
Non repayment of employee salary advance	Fact finding complete – referred to Management to consider disciplinary action

- 4.4 These four matters listed in **Table 3** were initially fact finding exercises, no audit opinion in respect of the control environment was provided due to the nature of the work. However, where appropriate, recommendations were made to improve the control environment. The fact-finding reports were presented to Senior Officers to consider the next course of action, such as disciplinary and or recovery action.

Council Tax Reduction (CTR) Fraud

- 4.5 When investigation work regarding Housing and Council Tax Benefit was transferred to the Department for Works and Pensions' (DWP) Single Fraud Investigation Service, (SFIS) team, in 2015, the responsibility to provide support for council tax, and all associated funding, was devolved to the Welsh Government. This funding is then allocated by the Council to those eligible via the Council Tax Reduction scheme.
- 4.6 It is the responsibility of the Council's Corporate Fraud Officer to investigate suspected cases of Council Tax Reduction (CTR) Fraud. **Table 4** below, illustrates the source of fraud referrals received during the period 2024-25.

Table 4 – Source of Referrals 2024-2025

Source of Referrals	2024-25
Internal Staff	12
Department for Works and Pensions	0
National Fraud Initiative	2
Vale of Glamorgan Benefit Fraud Website	40
Housing Benefit Matching Service (Data Match)	0
Claim Review	1
Total	55

- 4.7 A proportion of the referrals received by the Council relate to DWP benefits or housing benefits. During 2024-25 a total of 40 of these referrals were forwarded to the DWP's SFIS team to investigate further. Fraud referrals are normally forwarded to the DWP in the following circumstances:

- The referral relates to the entitlement to a DWP benefit such as Universal Credit, Employment and Support Allowance or Job Seekers Allowance.
- The projected Housing Benefit overpayment is expected to exceed £5,000 (the DWP's threshold for criminal action).
- It is in the public's interest that a prosecution should result.

4.8 **Table 5** details a breakdown of the types of council tax reduction / benefit fraud allegations that were referred to the Council during 2024-25.

Table 5 – Type of Allegation 2024-25

Type of Allegation	2024-25
Undeclared Income	16
Undeclared Assets/Property	8
Undeclared Capital/Savings	10
Living Together (as husband & wife)	18
Child Dependency	1
Partner Deceased	1
Non-Residency	1
Total	55

4.9 During 2024-25 a total of 38 cases were closed: The closure categories are detailed in **Table 6** below.

Table 6 – Reason for Closure 2024-25

Reason for closure	2024-25
Fraud Proven	6
Not Investigated	19
No Evidence of Fraud	13
Total	38

4.10 Table 6 shows that 19 cases were recorded as “not investigated”, this is due to insufficient details being provided in the original referral to instigate an investigation, or the person/s were not claiming benefit.

4.11 **Table 7** below provides the CTR, and incidental Housing Benefit recoveries that have been achieved as a result of fraud investigations concluded during 2024-25.

Table 7 – Total Welfare Benefit Fraud Recoveries 2024-25

Savings	2024-25
Council Tax Reduction	£28,030.31
Housing Benefit	£28,559.30
Total	£56,389.61

4.12 Once a case has been closed as “fraud proven” and the CTR adjustment has been calculated, the case is referred to the Council's Sanction Panel to determine the appropriate sanctionable action. The sanctions available to the Council are as follows:

- Prosecution

- Financial Penalty
- Fine

- 4.13 A Financial Penalty, is offered as an alternative to prosecution, as prescribed in the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (Wales) Regulations 2013. The penalty is 50% of the total amount of the excess reduction subject to a minimum amount of £100, and a maximum amount of £1,000. As an alternative to a financial penalty, fines may also be issued under specific defined criterion.
- 4.14 It should be noted that Table 6 states that 6 cases have been closed as fraud proven. The penalties and fines issued to 5 of these cases are listed in **Table 8**. The remaining case is due to appear at Cardiff Magistrates Court for the offence in August 2025. The sanction figure of £6,914.38 is included within the total Welfare Benefit Fraud Recovery figure in Table 7 above.

Table 8 – Successful Sanctions 2024-25

Successful sanctions	2024-25	Amount
Prosecutions		-
Financial Penalties	4	£1,910.54
Fines	1	£70.00
Total	5	£6,914.38

Section 5 – Joint Working & Partnerships

- 5.1 The Council is an active member of the Wales wide network of Local Authority Fraud investigators, which provides the opportunity to share knowledge, intelligence, and best practice. The group has been meeting virtually during 2024-25 and various training sessions have been provided to the group by relevant organisations throughout this period.
- 5.2 Similarly the Welsh Chief Auditors Group (WCAG) discuss fraud matters and shares intelligence on potential/suspected frauds on a regular basis.
- 5.3 The Council has a good working relationship with the Police and other outside agencies which all share information/intelligence.
- 5.4 The Council is also an active member of the National Anti-Fraud Network who amongst other things, provide regular weekly bulletins on the latest fraud threats and trends.
- 5.5 The Council has a joint working arrangement with the Department of Work and Pensions in place where a suitable case was identified. In addition, the Corporate Fraud Officer is working closely with the Council's Revenues and Benefits teams to undertaking investigations where a possible fraud of Council benefit is identified.

- 5.6 The Council's Corporate Fraud Officer is supported by the Regional Internal Audit Service in mentoring the Fraud Officer from Merthyr Tydfil County Borough Council. In addition, a strong working relationship exists with fraud colleagues within Bridgend Council's fraud team and this collaborative working is beneficial to all parties.

Section 6 – National Studies

- 6.1 In July 2020, Audit Wales published the report, '*Raising our game tackling fraud in Wales*'. The report and any recommendations along with the '*Fighting Fraud and Corruption Locally a Strategy for the 2020's*' guidance was fully considered and integrated into the updated Counter Fraud Strategy. This continues to ensure that the counter fraud work being undertaken within the Vale of Glamorgan Council demonstrates continuous improvement.

Steps to Support Continual Improvement

This Counter Fraud Strategy and Framework sets out the developments and actions the Council proposes to take over the medium-term future to further improve its resilience to fraud, bribery, and corruption. These developments include the following actions:

	Action
1.	Maintain a Fraud Risk Register which is integrated into the existing risk management framework, where significant fraud, bribery and corruption risks will be owned and maintained by the directorates.
2.	Ensure there is a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing, and responding to fraud risks.
3.	To be an active participant in the bi-annual National Fraud Initiative (NFI) exercise and to robustly investigate suspected cases of fraud identified through NFI. The Corporate Fraud Officer is responsible for the co-ordination of the exercise including ensuring that the data sets comply with specification and are securely uploaded to the Cabinet Office. Management are responsible for the review of matches that are returned and for referring suspicions of fraud and corruption to the Corporate Fraud Officer.
4.	Raise awareness of fraud, bribery, and corruption by delivering a fraud awareness training programme for Members and Officers and provide ongoing fraud awareness training as required.
5.	Produce an annual Corporate Fraud report to those charged with governance covering all reactive and proactive fraud initiatives.
6.	Undertake welfare benefit investigations (including joint cases with the DWP), recommend the relevant sanction and the recovery of overpaid benefit
7.	To maximise the use of data analytics and data matching to review electronic data to detect and prevent fraud.
8.	To actively maintain the Council's membership of the Welsh Fraud Officers Team, the Chartered Institute of Public Finance and Accountancy (CIPFA), and all other links to enforcement partners including the Police, DWP and HMRC. Also, to be open to new and innovative anti-fraud projects.
9.	To produce fraud investigation outcome reports for management which highlight the action taken to investigate the fraud risks, the outcome of the investigations e.g., sanction and recommendations to minimise future risk of fraud.

Cabinet Office Estimated Savings Methodology

Data Match	Estimated Savings Methodology
Housing Benefit	<p>Weekly benefit reduction multiplied by 29 weeks.</p> <p>Aligned with the DWP 'Future Overpayments Prevented' (FOP) methodology which utilises data from previous cases to calculate the average period of time an overpayment may continue undetected and takes into account detection and recovery rates.</p>
Council Tax Reduction	<p>Weekly benefit reduction multiplied by 40 weeks.</p> <p>Aligned with the DWP 'Future Overpayments Prevented' (FOP) methodology which utilises data from previous cases to calculate the average period of time an overpayment may continue undetected and takes into account detection and recovery rates.</p>
Welfare Benefits	<p>Weekly benefit reduction multiplied by 29 weeks.</p> <p>Aligned with the DWP 'Future Overpayments Prevented' (FOP) methodology which utilises data from previous cases to calculate the average period of time an overpayment may continue undetected and takes into account detection and recovery rates.</p>
Pensions	<p>Deceased Pensioners: Annual pension multiplied by the number of years until the pensioner would have reached the age of 85 (ONS life expectancy for an individual over 65). If the pensioner is 85, a one-year multiplier is applied.</p>
Blue Badges	<p>£794 per blue badge cancelled to reflect lost parking and congestion charge revenue.</p> <p>Estimate considers:</p> <ul style="list-style-type: none"> • the average reported cost per badge per year due to badge misuse • the prevalence of fraud - proportion of blue badges that are likely to be misused • the duration for which fraudulent use of the blue badge may continue undetected
Concessionary Travel	<p>£38 per concessionary pass cancelled, based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme.</p> <p>Estimate considers:</p> <ul style="list-style-type: none"> • the cost of concessionary journeys made • costs associated with card administration • the duration for which fraudulent use of the pass may continue undetected • the prevalence of fraud - proportion of passes that are likely to be misused

Data Match	Estimated Savings Methodology
Housing Tenancy	<p>£78,300 per property recovered. £51,460 per property recovered in Northern Ireland</p> <p>Estimate considers:</p> <ul style="list-style-type: none"> • annual cost of temporary accommodation £12,000 (£7,670 for Northern Ireland) • duration for which fraudulent tenancy may continue undetected - 6 years; this constitutes the fraud occurring for 3 years at point of detection and a further 3 years forward savings for the expected time it would have continued • other non-recoverable costs including legal costs to recover property; re-let cost.
Right to Buy	<p>This estimate has the following regional variations:</p> <p>England (excluding London) £102,400 per application withdrawn to reflect average house prices and the maximum value of Right to Buy discount available for properties in England.</p> <ul style="list-style-type: none"> • London: £136,400 per application withdrawn to reflect average house prices and the maximum value of Right to Buy discount available for London properties. • Northern Ireland: £24,000 per application withdrawn based on average house prices and Right to Buy discounts in Northern Ireland
Housing Waiting Lists	<p>£4,283 per individual removed from the Housing Waiting List</p> <p>Estimate Considers:</p> <ul style="list-style-type: none"> • the annual cost of housing a family in temporary accommodation (12.1K) • the likelihood a waiting list case would have been provided a property • the duration for which a fraudulent case may continue undetected
Council Tax Single Person Discount	Annual Council Tax discount multiplied by 2 years
Payroll	<p>£6,054 per standard case</p> <p>Estimates consider:</p> <ul style="list-style-type: none"> • cost of individuals working at a different body while in receipt of sick pay from primary employer • failure for an individual to meet contractual obligations at one body due to multiple employment and conflicting obligations.

National Fraud Initiative Self-Appraisal Checklist

Date issued: November 2024

Version: Final

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About the National Fraud Initiative

- 1 The National Fraud Initiative (NFI) is a biennial UK-wide counter-fraud exercise. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, that might suggest the existence of fraud or error.
- 2 Fraud, error and overpayment outcomes valued at £7.1 million were recorded by participants for the [NFI 2022-23 exercise](#). Beyond any financial savings, the benefits of participation and reviewing data matches include the assurances that NFI results can provide around systems of internal control. NFI results may also highlight areas for improvement.
- 3 The [Public Sector Fraud Authority \(PSFA\)](#) – part of the UK Government's Cabinet Office and HM Treasury – oversees the NFI across the UK. Audit Wales leads the exercise in Wales under the Auditor General's powers in the [Public Audit \(Wales\) Act 2004](#). The Auditor General's [Code of Data Matching Practice](#) summarises the key legislation, and controls, governing the exercise in Wales.
- 4 The Auditor General has mandated that unitary local authorities, NHS bodies, police forces, and fire and rescue authorities participate in the NFI. Other organisations participate on a voluntary basis, such as the Welsh Government and some Welsh Government arm's length bodies.
- 5 Information about the NFI is also available on the [Audit Wales website](#).

About this document

- 6 The NFI is one aspect of an organisation's counter-fraud arrangements. We have prepared this checklist to help participating bodies self-appraise how they are engaging with the NFI.
- 7 We encourage all participating bodies to complete the checklist and present it to those charged with governance to support scrutiny of their NFI arrangements.

Self-appraisal checklist

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
Leadership, commitment, and communication				
1	<p>Are we committed to the NFI?</p> <p>Has the council / board, those charged with governance and senior management expressed support for the exercise and has this been communicated to relevant staff?</p>	Yes	<ul style="list-style-type: none"> Updated Counter Fraud Strategy and Framework with specific reference to NFI. Constant focus on prevention, detection and promotion of a counter fraud culture across the whole Council. Email sent to all staff at the commencement of the exercise to emphasise the importance of NFI and why we take part as an Authority. Six-weekly meetings held between the Corporate Fraud Officer and all relevant NFI stakeholders to discuss progress and best working practice. Regular updates on progress provided to senior management via monthly Finance Managers Meetings. Regular communication with Section 151 Officer in respect of NFI progress and updates NFI results reported to Governance & Audit Committee via the Annual Corporate Fraud report and ad-hoc if necessary. 	
2	<p>Have we committed specific resources to support the overall management of the NFI?</p> <p>If information is available, how much time was spent by the Key Contact on the last exercise, and how much has been allocated for the next exercise?</p>	Yes	<ul style="list-style-type: none"> The Key Contact for the NFI exercise is the Council's Corporate Fraud Officer. Experience of fraud investigations and able to support and advise staff where required. One-hour six-weekly meetings held by Corporate Fraud Officer (key contact) with all relevant staff involved in the NFI exercise. The Key Contact is always available to assist with management of the exercise whenever required. 	

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
3	Is our NFI Key Contact the appropriate officer for that role, ie has sufficient authority to ensure the NFI exercise is delivered effectively?	Yes	<ul style="list-style-type: none"> The Key Contact is the Council's Corporate Fraud Officer who has 30 years' experience of working within the Fraud Sector. The Key Contact has an excellent working relationship with all department leads involved in the exercise and maintains regular contact between the six-weekly NFI meetings. 	
4	Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes	<ul style="list-style-type: none"> Excellent working relationship exists between the Corporate Fraud Officer and Internal Audit and any potential control weaknesses are highlighted at the earliest opportunity. Internal Audit are present at regular six-weekly NFI meetings. Assistant Audit Manager involved in upload of data and information provided to produce NFI matches. NFI results shared with Internal Audit as part of Annual Corporate Fraud Report. 	
Planning and preparation				
5	Do we plan properly for all aspects of the NFI exercise and set our own internal deadlines?	Yes	<ul style="list-style-type: none"> Planning for data submission meetings undertaken by Key Contact and service leads, including the data specifications, timetable, and data quality. Assistance is available from Audit Wales where necessary. Updates on the planning process provided to Senior Management. Department leads are encouraged to set deadlines to progress their matches and make progress before the next six-weekly meeting. All deadlines set by Audit Wales in respect of the exercise are met without exception. 	

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
6	For the NFI 2024-25 exercise, did we provide all NFI data on time using the secure data file upload facility properly?	Yes	<ul style="list-style-type: none"> All data provided on time, as per the timetable provided by Audit Wales, via data file upload facility. 	
7	For the NFI 2024-25 exercise, did we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes	<ul style="list-style-type: none"> Email sent to all Service Leads prior to the exercise commencing seeking assurance and evidence that a suitable privacy notice was in place. Privacy Notice Compliance declaration made via the secure website, ahead of the deadline date set. 	
8	Do we review our Data Quality results before starting our investigations? ¹	Yes	<ul style="list-style-type: none"> Data Quality results reviewed in conjunction with Internal Audit both prior to data upload and following release of matches Discussions held with Internal Audit in respect of any issues raised and solutions implemented if possible – any issues identified for Vale of Glamorgan are in respect of information not currently held – it has also been established that this has no detrimental effect on the data supplied to us. 	
9	Do staff take time to read the guidance that is provided on how to follow up the NFI matches (which are especially important for those users encountering the NFI for the first time), and do they consult the NFI team if they are unsure about how to record outcomes?	Yes	<ul style="list-style-type: none"> Service Leads and staff working on the matches are regularly advised of the guidance available on the NFI site. Experienced staff who have worked on NFI before are encouraged to refresh their knowledge by reviewing this guidance on a regular basis. Regular training made available to all staff regardless of their previous NFI experience. 	

¹ The Data Quality module could indicate that there are issues with the data submitted that may have affected some of the matches. The module can be accessed from the relevant National Exercise page of the web app.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
			<ul style="list-style-type: none"> NFI Helpdesk contact details communicated to all users and reminders issued during six-weekly meetings. 	
10a	Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to improve internal controls and prevent fraud and error from happening?	Yes	<ul style="list-style-type: none"> Consideration given to using this service however the data held is 'out of date' in a relatively short space of time as data held by AppCheck is as provided by those contributing to NFI at the start of the exercise. Departments that receive the most matches i.e. Benefits & Creditors, have other systems in place that provide a better assurance that fraud and error is not entering the system at application stage. 	
10b	If not using AppCheck, is there a clear rationale for this?	Yes	<ul style="list-style-type: none"> As above – alternative systems and process in place to safeguard the Authority from fraud and error 	
Effective follow-up of matches				
11	Have we documented our approach for risk assessing data match reports and investigating data matches? ²	Yes	<ul style="list-style-type: none"> In those instances where a high number of matches are received, all service leads are advised to deal with high risk matches with a score of 50% and above in the first instance. In respect of reports containing a low number of matches, all data supplied would be investigated. High risk reports, (dependant on service area) i.e. deceased persons to benefit claims and undeclared student finance in respect of Benefit matches, or payroll matches indicating 	

² We do not expect organisations to look at every data match or report. Instead, they should prioritise which matches to look at and the order in which they are followed up. They may want to assess your matches by fraud risk area and then by match risk scores. Alternatively, they may want to set up bespoke filters using the filter tool. Matches not investigated should be Closed – Not Selected for Investigation.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
			employment at two different organisations simultaneously, are dealt with first.	
12	Does our approach give priority to local fraud risks? ³	Yes	<ul style="list-style-type: none"> Historical information in respect of NFI shows that a higher proportion of fraud is found within matches supplied to the Benefits Department and those matches supplied to Customer Services in respect of Blue Badge. Blue Badge matches are dealt with within the first three months of the data being released to the Authority. The Key Contact works closely with the Benefit Team Manager, to ensure a dedicated resource is supplied to review all relevant benefit matches. As such, regular meetings take place between the Housing Benefit Manager and Corporate Fraud Officer (key contact) to discuss and potential issues and agree a best working practice. All high-risk matches supplied to the Benefits Department are reviewed as a priority. 	
13	Does our approach give priority to following up high-risk matches, those that become quickly out of date and those that could cause reputational damage if a fraud or error is not stopped quickly? ⁴	Yes	<ul style="list-style-type: none"> Filter and sort facility built into NFI system is utilised to aide this process. As stated above, high risk matches are dealt with as a priority by all Service Leads. Matches provided in respect of Student Finance are dealt with first in respect of benefit matches as this 	

³ We suggest that the NFI Key Contact (with support from Internal Audit/Counter Fraud) should review the organisation's overall control environment and systems. Existing internal audit reports and/or your organisation's risk register should assist this review. We advise prioritising data match reports that are linked to areas that have unknown or weak internal controls or areas that have had historical instances of fraud. Organisations should also look back to see which reports in a previous exercise gave them outcomes.

⁴ Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches deemed the highest risk.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
			<p>information is often dated quickly and in addition to this, when the academic year ends, a student is likely to move out of area making it harder to recover funds wrongly paid.</p> <ul style="list-style-type: none"> All matches involving members of staff i.e. those provided to Payroll, are dealt with quickly by a senior member of staff within HR. 	
14	Are sufficient resources and expertise available at the right time to maximise the outcomes of the NFI exercise? ⁵	Yes	<ul style="list-style-type: none"> All matches are allocated to the most appropriate colleague, with the relevant knowledge and experience in the area to which they relate. Resources are allocated within each service area where possible to deal with the matches relevant to that service Unfortunately, due to the volume of matches some service areas receive (for example Creditors), it is not possible to review all matches, however, the filters within NFI are utilised so that high priority and high-risk matches are given priority. 	
15	Does the Key Contact coordinate investigations across internal departments to prevent duplication of effort or delays in identifying overpayments and ensure all relevant actions are taken, for example, organising joint investigation of single person discount matches involving housing benefit?	Yes	<ul style="list-style-type: none"> All users are reminded in monthly meetings of the importance of working jointly on any matches that may impact another service area. Any matches identified that would impact another section would be discussed with the Key Contact so that adequate arrangements are made with the other party/service area to look at the information in co-ordination with each other. 	

⁵ When nominating users to investigate matches, organisations should choose the person with the most knowledge about the dataset. For example, trade creditors matches are best dealt with by a nominated person in internal audit or the accounts payable team. We also suggest assigning a user to act as lead dataset contact for each dataset your organisation submits, so that, if necessary, other NFI participants can contact the most suitable person to assist their investigation. If organisations do not nominate a lead dataset contact, the default contact will be the Key Contact.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
			<ul style="list-style-type: none"> Where a match is identified that has additional information that relates to another service area, contact would be made with the relevant department at that stage so that outcomes could be recorded at the same time, therefore preventing un-necessary duplication. 	
16	(In health bodies) Are we drawing appropriately on the help and expertise available from NHS Counter Fraud Service Wales?	N/A	N/A	
17	Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes	<ul style="list-style-type: none"> During training, the Key Contact advises users that it is essential they review both sides of the match. Users are advised to read the guidance and watch tutorial videos held within the NFI site which explain the reason for matches and what information the match is providing. The Key Contact informs all users that it is not sufficient to simply record a 'no issue' outcome. Users are advised that a note should be recorded to confirm why there is no issue and the reason for this status being selected as the closure reason. 	
18	Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes	<ul style="list-style-type: none"> In instances where fraud and error are found a review is undertaken of the process to understand how it occurred. Should it be found that the reason is due to a weakness in our internal control, then Internal Audit would be informed and the necessary steps taken by them. 	
19	Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Police or NHS Counter Fraud Service	Yes	<ul style="list-style-type: none"> Any cases identified involving members of staff would be referred to HR and any necessary disciplinary investigation would follow. 	

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
	Wales) or errors are identified, eg recovering funds?		<ul style="list-style-type: none"> Any cases of theft or fraud by an employee would be reported to the Police. Fraud cases found in Benefit matches are dealt with by the Senior Fraud Investigator via penalties and prosecutions where appropriate. 	
20	Do we respond promptly to enquiries from other organisations that take part in the NFI? ⁶	Yes	<ul style="list-style-type: none"> The Key Contact is informed automatically via email of any new queries received from other organisations via the NFI portal. Contact is made promptly with the service to which the query relates to ensure a response is sent and contact is made with the querying party. This would usually happen on the day the query is received from the other organisation. 	
Recording and reporting				
21	Are we recording outcomes properly in the secure website and keeping it up to date?	Yes	<ul style="list-style-type: none"> All results are recorded as soon as an outcome is known via the secure website. 	
22	Do we provide appropriate and regular feedback to senior management, board / council members and those charged with governance on NFI activity and outcomes?	Yes	<ul style="list-style-type: none"> NFI results reported to Governance and Audit Committee via the Annual Corporate Fraud Report. Regular updates provided to Senior Management on the progress of NFI exercise. Close working relationship with Internal Audit where progress and updates in respect of NFI is discussed. 	
23	Do we provide those charged with governance assurances that the reasons for fraud and error happening are understood	Yes	<ul style="list-style-type: none"> Annual Corporate Fraud Report provides information in respect of fraud and error. 	

⁶ The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
	and that action is taken to address them and improve internal controls?		<ul style="list-style-type: none"> Regular updates provided by Internal Audit together with assurances by way of outcome reports on any internal audits undertaken. 	
24	Where we have not submitted data or not used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Yes	<ul style="list-style-type: none"> All data required from the Authority is submitted and on time. All matches supplied are reviewed where resources allow. 	
25	Do we publish, as a deterrent, internally and externally the outcomes of the NFI exercise?	Yes	<ul style="list-style-type: none"> All outcomes are recorded via the secure website as advised. 	
26	If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes? ⁷	N/A	N/A	

⁷ Although preferable for all NFI work to be recorded within the secure web application, we appreciate there may be instances when organisations need to do work on the matches outside it. As soon as data is extracted from the secure NFI web application organisations are responsible for the security of the data, including avoiding inappropriate disclosure and ensuring it is destroyed when no longer needed. Therefore, we only advise exporting data when it is essential to do so.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.