



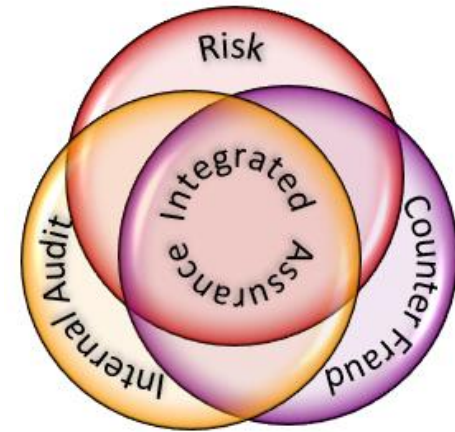
# Counter Fraud

**Audit and Governance Committee**

**Annual Report – Counter Fraud  
2023/2024**

**Plymouth City Council**

**July 2024  
Official**



**Support, Assurance and Innovation**

## 1. Executive Summary

1.1 The following is the [Devon Assurance Partnership](#) (DAP) [Counter Fraud Services Team](#) Annual Report and Update for the financial year 2023/24. It outlines the counter fraud work undertaken in support of Plymouth City Council and its continued efforts to ensure that appropriate Governance processes are in place. This includes acknowledging the threats posed by fraud, preventing and pursuing those who would look to commit fraud and providing assurance that the Council and the public are being protected from fraud.

1.2 In the past twelve months the Counter Fraud Services Team have –

- ✓ Received and processed 293 allegations of fraud and related offences against the Council and its citizens.
- ✓ Helped the Council generate calculated savings of £1,399,349.43 in all areas of Council business.
- ✓ Supported the Council's commitment to the National Fraud Initiative, by checking matches and supporting the relevant departments accordingly. Checks against higher risk matches have resulted in a current savings figure against this exercise of £162,743.00.
- ✓ Undertaken rolling monthly data analysis exercises to identify potential fraud and error in multiple Council systems.
- ✓ Provide professional support and advice / guidance for all levels within the Council on technical fraud matters.

1.3 It is good to be able to report that much good work has again been carried out across the Council and that fraud awareness and counter fraud activity is increasing and we will continue to encourage this work throughout the next financial year.

## 2. Introduction

2.1 The Counter Fraud Services Team within Devon Assurance Partnership (DAP) continues to support and facilitate the development of the Council's Counter Fraud processes and capability, which improves its resilience to fraud and related offences.

2.2 The ongoing work will assist all Council staff, management, and Members in identifying fraud and the risks associated with it. The aim is to ultimately provide the highest level of assurance possible utilising a joined-up service in association with our colleagues involved in Internal Audit, and the Council itself to minimise fraud loss to the lowest level possible.

2.3 Reporting Counter Fraud activity is part of good Governance, and regular updates on the Council's Counter Fraud activity improves accountability; this report aims to meet this requirement and the requirements for such reports in accordance with the Council's own Anti-Fraud, Bribery and Corruption Policy and the accompanying Strategy and Response Plan.

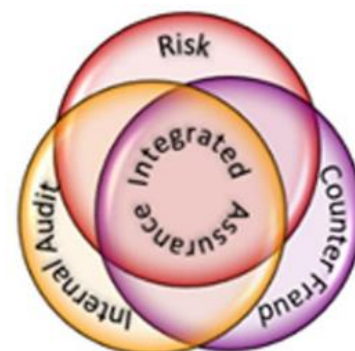
2.4 It is always worth reiterating that fraud is by definition a crime and should not be tolerated. Any fraud against Plymouth City Council is a fraud against the public purse. We will continue to acknowledge the threat from fraud, build processes and policies that will prevent fraud and pursue those who would commit fraud to ensure that the public retain confidence in the Council. Collaboration across the public sector will continue and strengthen under the current working arrangements through DAP and its partners.

### 3. Fraud response / resilience assessment.

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) reports that local authorities have achieved success by taking a structured response to fraud and that they now need to respond to an ever increasing fraud threat, and further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and focused on the key changes that will make the most difference.
- 3.2 A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. It should aim to create a transparent process and report the results to the corporate management team and those charged with governance.
- 3.3 Devon Assurance Partnership will continue to encourage best practice in line with CIPFA guidance and enable the Council to share knowledge and understanding of the threats faced across the region and nationally by actively engaging with the West of England Fraud Group and the Fighting Fraud and Corruption Locally Regional Group. It will also integrate other best practice as and when these are discovered by the team or by others within the counter fraud community.
- 3.4 The 23/24 assessment remains unchanged and at the same high standard, however a more granular review through various audits is proving effective and complies with the integrated approach that DAP is undertaking going forwards. (See Appendix 1)

### 4 Integration of Counter Fraud, Risk Management, and Internal Audit.

4.1 The integration between these assurance arms continues to evolve and strengthen. Regular meetings between the relevant managers and staff ensure that cross collaboration is growing and improving so that auditors are aware of fraud and risk issues. Counter Fraud support is now regularly sought during internal audits to ensure that value is added and maximum coverage is ensured. (See Appendix 1).



4.2 Regular communication between Devon Assurance Partnership and the Service Director for Finance (Section 151 Officer) ensures that direction, clarity and flexibility take place and continue to improve.

4.3 We are looking to assist and support PCC in its effective overall Risk Management processes to ensure that we can provide maximum assurance going forward. This remains an ongoing objective.

### 5 National Fraud Initiative

5.1 The [National Fraud Initiative](#) (NFI) is an exercise run and reported on by the [Cabinet Office](#); it matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.



5.2 Devon Assurance Partnership acts as the point of contact between the Cabinet Office and the Council in matters relating to the National Fraud Initiative, this being a mandatory Biannual exercise in fraud prevention and detection.

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5.3 The Biannual National Exercise for 2022/23 has been completed providing maximum assurance that potential fraud losses are minimised.

5.4 In the Chartered Institute of [Public Finance and Accountancy \(CIPFA\) survey in 2019](#), the most common types of fraud faced by all Councils in England and Wales were identified as per the graphic below, it remains imperative that the Council continues to maximise counter fraud activity in these areas to ensure the minimisation of any loss to fraud.

5.5 The last two National Exercises assisted the Council to identify changes in entitlement which resulted in an estimated (Figures supplied by the Cabinet Office) total of £222,743.00 in potential savings.

5.6 The next National Exercise will start with data being supplied to the Cabinet Office between September and December 2024. DAP will assist the Council in ensuring it complies with all data requirements and evidence and uploading to the secure NFI website.

5.7 Departments that complete the returned matches show that they are actively involved reducing fraud risk as well making sure that wherever possible their data management is compliant with the Data Protection Act 2018 by ensuring -



- ✓ **Data minimisation** by ensuring that PCC only holds data that is required.
- ✓ **Accuracy** by ensuring that the data held is as accurate as it can reasonably be expected to be.
- ✓ **Data retention periods**, showing that data is not being held longer than is necessary for its intended use.

## 6 Investigations and other ongoing work

6.1 In the past financial year, the Counter Fraud Services (CFS) Team have received and or generated 293 referrals covering the following areas of Council Business.

- ✓ Tenancy Fraud (involving our partner Registered Social Landlords)
- ✓ Blue Badge Fraud
- ✓ Parking Permits
- ✓ Concessionary Travel
- ✓ Council Tax Support / Single Person Discount
- ✓ Business Rates
- ✓ Internal

6.2 The CFS team have 33 live investigations (*details of individual investigations cannot be disclosed*)

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*due to the sensitive nature of the information), and we continue to support service areas that require data analysis and monitoring.*

6.3 We continue to regularly pro-actively cross check data sets within the Council in order to reduce ongoing fraud and error. In 2023/24 this resulted in 1058 matches, the savings from which are included in overall recordable savings in 7.1 below.

6.4 Regular reports and updates from varying sources such as the [National Anti-Fraud Network](#) (NAFN) and the [National Cyber Security Centre](#) (NCSC) are circulated across the Council by the Counter Fraud Services team to ensure knowledge and awareness are kept at levels suitable for the protection of the public purse and the public themselves.

6.5 We are committed to actively drive the risk assessment for fraud within the Council, to establish where the highest-level threats are and to ensure that wherever possible the Council is able to formally;

- ✓ Acknowledge the threat from fraud.
- ✓ Identify the risks.
- ✓ Develop a strategy of pro-active and responsive counter fraud work that fits with the Councils wider objectives and goals.
- ✓ Assist in assuring correct resources are applied to issues identified.
- ✓ Once the Fraud Risk Management process is embedded, information will be included in future Counter Fraud Report.

## 7 Recordable savings

7.1 In the current financial year 2023/24 the CFST have identified £1,399,349.43 savings (calculated using national indicators supplied by the Cabinet Office) across the Council and it is anticipated that further comparable savings will continue to be realised in 24/25. (NFI savings are not included)

7.2 In the nine years that the Council has been recording 'Cashable and Non-Cashable' savings related to fraud it has achieved just over £10.8 million in savings across all areas of business. This is a significant sum and continues to justify the Council's robust approach to countering fraud and re-assures the general public that Plymouth City Council is serious about protecting the public purse its assets and its citizens.

7.3 National Fraud Initiative savings from the past 2 biannual exercises at the time of writing this report stand at a further £222,743.00. Not included in the figure in 7.1.

7.4 Fraud is by its very nature a hidden offence and therefore it must be assumed that the savings made and shown here are potentially the 'tip of the iceberg' and that further savings are obtainable. The higher the awareness and the more assets that are available to address this issue, the higher the potential savings figures will be in the future.

## 8 Further information for Members

8.1 The [Anti-Fraud Bribery and Corruption Policy](#), the [Anti-Fraud, Bribery and Corruption Strategy and Response Plan](#) are due for update.

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There has been no significant change in legislative or procedural requirements at this point in time in respect of the Anti-Fraud Policy, Strategy and Response Plan, however legislative change and or guidance from HM Government is imminent in respect of new [failure to prevent fraud offence](#) meant to hold organisations to account if they profit from fraud committed by their employees. This will improve fraud prevention and protect victims.

Guidance is now expected by the end of the summer 2024, the new legislation will take effect six months from the date that the guidance is issued. It is disappointing to note that the Local Government Association were asked to circulate a Consultation Document produced by HM Government to all Local Authorities last year, but this was not done and there is no explanation forthcoming for this oversight.

HM Government representatives have confirmed that many Councils and their Wholly Owned Subsidiaries will be in scope.

DAP will continue to update the Audit and Governance Committee on developments as and when they happen and update the relevant Policy and Strategy once the guidance has been obtained from HM Government.

## 9. Conclusion

9.1 As has been stated before, there is much excellent work being done by the Council, its staff and those within DAP in order to minimise the impact from fraudulent activity, this is to be commended and encouraged.

9.2 Over the coming twelve months further intelligent data driven initiatives, to save money and deal with potential fraud and error will be put forwards with a view to making Plymouth City Council a groundbreaking Council in the Counter Fraud arena.

9.3 Plymouth City Council continues to show that it is committed to improving its assurance position in respect of its fight against fraud and it has never been more important to minimise losses to fraud to protect Council Services and those they serve.

9.4 At a time when financial pressure has never been greater it is imperative that no stone is left unturned in the pursuit of those who would fraudulently draw services, assets, and money from the Council to the detriment of those in genuine need of support. We know that fraud disproportionately effects the most vulnerable in our society and we will continue to robustly support the Council in its efforts to protect its citizens from the impact and effects of fraud.



***Ken Johnson***  
***Senior Assurance Manager***

***Tony Rose***  
***Head of Devon Assurance Partnership***

Devon Assurance Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, North Devon, Torridge, South Hams, West Devon councils and Devon and Somerset Fire and Rescue. We aim to be recognised as a high-quality assurance service provider in the public sector.

We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [tony.d.rose@devon.gov.uk](mailto:tony.d.rose@devon.gov.uk).

**Confidentiality and Disclosure Clause** - This report is protectively marked in accordance with the Government Security Classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

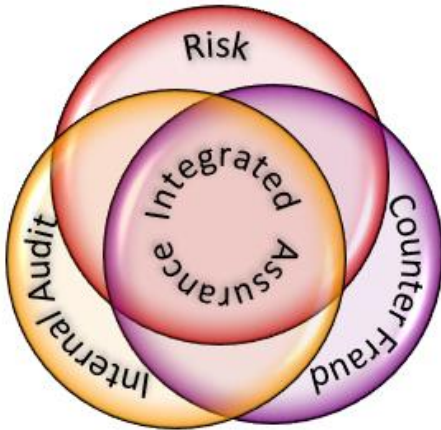
This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

### (Fighting Fraud and Corruption Locally 2020)



## Our Vision

To be the leading provider of assurances services covering internal audit, counter fraud and risk management to public and not-for-profit organisations in the South West and beyond.



### Operational delivery

- **Assurance Audit** Plans based on the best and most up to date risk information.
- Agile **Internal Audit** Plan
- Support interaction with Risk Management activity.
- **Counter Fraud** Team co-ordinate / undertake irregularities work coming through the **audit** plan.
- Potential irregularities triaged to **fraud or audit** for review. Use of data analytics.
- **Proactive fraud** work e.g. NFI, developing a delivery plan at client level.
- **Investigation** work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks.
- **Audit** scoping to include **Counter Fraud** input.
- Three-way liaison confirming risk and control.
- **Integrated reporting** to be delivered where possible.

## Our Goals

