



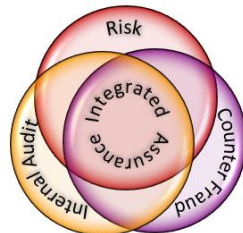
Counter Fraud Update

Audit Committee

Plymouth City Council

November 2024

Official



1. Executive Summary

- 1.1 The following is the [Devon Assurance Partnership](#) (DAP) [Counter Fraud Services Team](#) Half Yearly Report and Update for the financial year 2024/25. 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 current financial year to date the Counter DAP have –
- Received and processed 100 allegations of fraud and related offences against the Council and its citizens.
 - Helped the Council generate calculated savings of £396,464.36 in all areas of Council business.
 - Supported the Council's commitment to the National Fraud Initiative, by liaising with Departments and the Cabinet Office, supporting the relevant departments accordingly to create and upload data sets to the NFI Portal. (Completion date for this work is early December 2024)
 - 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 Plymouth continues to lead the South West in utilising its own data to prevent and detect fraud and error. This is being undertaken to good effect and we will look to support and improve this approach across other areas of Council business. This will further improve the added value that DAP provides and increase an integrated assurance opinion that supports the Council and Local people.

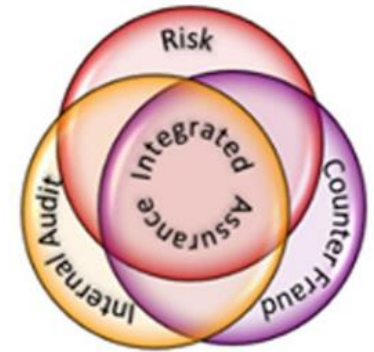
2. Introduction

- 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 Integration of Counter Fraud, Risk Management, and Internal Audit.

3.1 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).

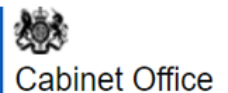


3.2 Regular communication between Devon Assurance Partnership and the Service Director for Finance (Section 151 Officer) ensures that direction, clarity and flexibility take place and continue to improve.

3.3 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.

4 National Fraud Initiative

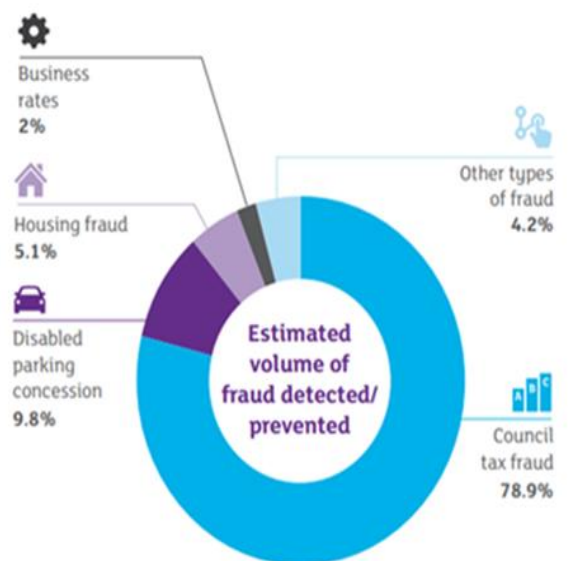
4.1 The [National Fraud Initiative](#) (NFI) is an exercise run and reported on by the [Cabinet Office](#); it matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.



4.2 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.

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

4.4 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, it remains imperative that the Council continues to maximise counter fraud activity in these areas to ensure the minimisation of any loss to fraud. 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.



4.5 The next National Exercise will have started with data being supplied to the Cabinet Office between now 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.

4.6 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.

5 Investigations and other ongoing work

5.1 So far this financial year, the Counter Fraud Services (CFS) Team have received and or generated 100 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

5.2 The CFS team have 26 live investigations (*details of individual investigations cannot be disclosed due to the sensitive nature of the information*), and we continue to support service areas that require data analysis and monitoring.

5.3 We continue to regularly pro-actively cross check data sets within the Council in order to reduce ongoing fraud and error. To date in 2024/25 this resulted in 431 matches, the savings from which are included in overall recordable savings in 7.1 below.

5.4 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.

5.5 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.

6 Recordable savings

- 6.1 In the current financial year 2023/24 the CFST have identified £396,464.36 savings (calculated using national indicators supplied by the Cabinet Office) across the Council and it is anticipated that further significant savings will continue to be realised in the second half of 24/25. (NFI savings are not included)
- 6.2 In the nine and a half years that the Council has been recording 'Cashable and Non-Cashable' savings related to fraud it has achieved just over £11.2 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.
- 6.3 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. DAP will look to assist Plymouth in further maximising its return on these matches in the coming months.
- 6.4 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.

7 Further information for Members

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

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.

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

Guidance expected by the end of the summer 2024 has not been forthcoming, the new legislation will take effect six months from the date that the guidance is issued. The Policy and Strategy will be updated by the next Counter Fraud report whether guidance has been received or not.

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 Fraud is an increasing risk to Council budgets across the country, Plymouth continues to show that it is utilising partnership working to minimise fraud losses and ensure that where possible fraud is prevented and deterred.

9.2 DAP will encourage and support further intelligent data driven initiatives, to save money and deal with potential fraud and error across the Council whilst increasing local resilience and awareness.

9.3 Now more than ever it is important that the commitment of Plymouth City Councils fight against fraud is recognised and that it is encouraged to continue improving its resilience so that the public purse is protected and Council funding is directed to those who legitimately require the Councils support and services.



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.

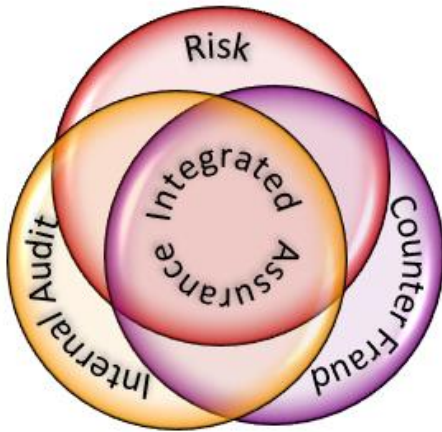
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This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.



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

