

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

17 MARCH 2025

INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2024/25 internal audit programme of work, and the other related services provided to the Council by Veritau (information governance and counter fraud). The report also highlights any issues likely to impact on the programme of work throughout the remainder of the year.

2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). The Council has formalised its arrangements for internal audit within an Audit Charter, which was approved by the Audit Committee in March 2023. In accordance with these standards and the Audit Charter, the Head of Internal Audit is required to report to the Council on the programme of internal audit work and to highlight any emerging significant risks and/or control issues.

3.0 PROGRESS

Internal Audit

- 3.1 The 2024/25 internal audit work programme was approved by this Committee at its meeting on 23 June 2024.
- 3.2 **Annex 1** to this report provides an update on the progress made in the period to 28 February 2025, to complete the work programme. This annex includes a summary of completed audits and work in progress.
- 3.3 Ten audits have been finalised since our last report to the Committee, and six audits are at the draft report stage. Nineteen audits are in progress with a number of these nearing the final stages of fieldwork at the time of writing this report. A further thirteen audits are at the planning stage and due to be undertaken in the next quarter along with some other assurance work.

Counter Fraud

- 3.4 The counter fraud progress report is included at **Annex 2**. It details Veritau's work that raises awareness of fraud risks, and provides information on the levels of fraud reported and cases investigated to date.

- 3.5 The counter fraud team has received 347 reports of potential fraud in 2024/25 to date. Investigative work has helped the Council to achieve actual savings of £316.1k. To date, 108 investigations have been completed resulting in the issue of warnings, the identification of monies for recovery, and the provision of support to services to help mitigate fraud risks. There are 90 ongoing investigations, across a range of Council services.

Information Governance

- 3.6 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests received in accordance with the Freedom of Information Act 2000 (FOI) and Data Protection Act 2018 (DPA). The number of FOI requests received in the 10 months to 31 January 2025 was 1,659 compared with 1,636 received during the corresponding period in 2023/24 (a 1.4% increase). The number of requests received in 2024/25 and answered within 20 working days is currently 83% (2023/24 – 76%). The IGT also coordinates the Council's subject access requests (SARs) and has received 371 such requests between 1 April 2024 and 31 January 2025 compared to 286 requests received during the corresponding period in 2023/24 (a 29.7% increase).
- 3.7 Veritau acts as the Council's Data Protection Officer and provides advice and support to the Council on all aspect of data protection. The IGT also reviews compliance with the legislation and liaises with the regulator, the Information Commissioner's Office (ICO). Other work includes reviewing data protection impact assessments, preparing data sharing agreements, recording data security incidents and investigating serious data security incidents. Further details about the work of the IGT will be included in the annual information governance report.

4.0 IMPLICATIONS

- 4.1 This report is for information only. There are no local member, financial, human resources, legal, equalities or climate change implications.

5.0 RECOMMENDATIONS

- 5.1 Members are asked to note the progress made in delivering the 2024/25 Internal Audit programme of work and the other assurance related services provided by Veritau.

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Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector
County Hall
Northallerton
28 February 2025

Internal Audit Progress Report 2024/25

Date: 17 March 2025

Annex 1

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Background

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These currently include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit Committee, and to identify any emerging issues which need to be brought to the attention of the Committee.
- 4 The internal audit work programme for 2024/25 was agreed by this committee in June 2024. The plan is flexible in nature and work is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the Council.
- 5 The purpose of this report is to update the Committee on internal audit activity up to 28 February 2025.



Internal audit progress

- 6 A summary of internal audit reviews currently underway, as well as work finalised in the year to date is included in appendix A. Other areas of work, including consultative support and a number of grant certifications have also been completed. The details are also summarised in appendix A.
- 7 Ten audits have been finalised since the last report to this committee in December. Further information on these audits is included in appendix B. The appendix summarises the key findings from these audits, and includes actions agreed with officers to address identified control weaknesses. A further six audits are currently at the draft report stage.
- 8 Nineteen audits are currently in progress of which a number are nearing the final stages of fieldwork. We are currently planning to undertake a further thirteen assignments.
- 9 Our definitions for action priorities and overall assurance levels are included in Appendix C.
- 10 Progress in some areas is not as advanced as we would have liked at this stage in the year. This is due to a combination of factors including the detail and depth of some of the work required, some delayed starts, some emerging work requests, and the challenges of completing audit work

alongside the many other competing priorities facing the Council. However, our ongoing and planned audit work in the next quarter, will provide, sufficient coverage to enable us to provide our annual opinion to the Committee meeting in June 2025.

Follow up of agreed actions

- 11 All actions agreed with services as a result of internal audit work are followed up after the agreed implementation deadline to ensure that the identified issues have been addressed.
- 12 The dates for completion of agreed actions are included, where appropriate, as part of Appendix B reporting. In some instances, ongoing internal audit work in the same area will also allow progress to be assessed.
- 13 We currently have no matters to report to the committee as a result of our follow up work.

Professional standards

- 14 From 1 April 2025, internal audit functions in the public sector will be working to new internal audit standards. These will be a combination of the new Global Internal Audit Standards (GIAS) and the 'Application Note, Global Internal Audit Standards in the UK Public Sector' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA is the body responsible for setting standards for internal audit in local government in the UK. The new standards will be referred to as the Global Internal Audit Standards (UK public sector).
- 15 Whilst 1 April 2025 is the effective start date for the new standards, internal audit teams will not be expected to demonstrate full conformance at this time. Instead, they must adopt working practices which align with the new standards from this date and by doing so they will achieve conformance over a period of time.
- 16 In order to achieve conformance with the new standards, we are updating our audit charter, audit manual and providing training to staff. We will also review our working practices to ensure that they comply with the standards. We expect to bring an updated audit charter to the June 2025 meeting of this committee, along with an update on actions to achieve conformance.

APPENDIX A: Internal audit work in 2024/25

Audits in progress

Audit	Status
Contract management review (Claro Road depot)	Draft report issued
Governance arrangements (constitution, schemes of delegation, decision making and call-in arrangements)	Draft report issued
Scarborough waterpark	Draft report issued
Children leaving care	Draft report issued
1 x school audit (Risedale School)	Draft report issued
Creditors	Draft report issued
Cash handling at Leisure Centres	Fieldwork completed
Harbours	Fieldwork completed
Climate change	Fieldwork close to completion
Performance management	Fieldwork close to completion
Purchase to Pay	Fieldwork close to completion
Schools themed audit – purchasing	Fieldwork close to completion
Council companies	Fieldwork in progress
Transformation governance	Fieldwork in progress
IT disaster recovery	Fieldwork in progress
Bank reconciliations and suspense accounts	Fieldwork in progress
Payroll	Fieldwork in progress
Benefits	Fieldwork in progress
Revenues	Fieldwork in progress
Housing rents	Fieldwork in progress
Adult direct payments	Fieldwork in progress
Adult Social Care - stage one discussion process	Fieldwork in progress
Arrangements for social care	Fieldwork in progress
HAS financial assessments	Fieldwork in progress
Liberty Protection Safeguards	Fieldwork in progress
Capital budget management	Planning
Contract management - unaccompanied asylum-seeking children	Planning
Customer complaints	Planning

Audit	Status
Information governance security sweeps	Planning
Management of external funding	Planning
Mandatory training	Planning
Project management	Planning
Risk management	Planning
Debtors (including debt management and recovery)	Planning
Income collection	Planning
Housing stock	Planning
Home to school transport	Planning
Children's direct payments	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Purchasing cards	March 2025	Reasonable Assurance
Schools themed - ring fenced funding	March 2025	Reasonable Assurance
Business continuity	March 2025	Reasonable Assurance
Health and Social Care personal bank accounts	March 2025	No opinion
Power of Attorney and Court of Protection	March 2025	Substantial Assurance
IT access controls	March 2025	Reasonable Assurance
Procurement Act – preparedness assessment	March 2025	Substantial Assurance
School audit (Wheatcroft CP School)	March 2025	Limited Assurance
School audit (Overdale CP School)	March 2025	Reasonable Assurance
School follow-up audit (East Ayton Primary School)	March 2025	No opinion
Early years payments	December 2024	Reasonable Assurance
NY Pension Fund – expenditure	December 2024	Substantial Assurance
NY Pension Fund – income	December 2024	Substantial Assurance
ICT asset management	December 2024	Substantial Assurance
2 x school follow up audits (Hutton Rudby Primary School and Fairburn CP School)	December 2024	No opinion

Audit	Reported to Committee	Opinion
Schools themed audit – business continuity	September 2024	Limited Assurance
CCTV office review	September 2024	Reasonable Assurance
Revenue budget monitoring	September 2024	Reasonable Assurance
Housing rents	September 2024	Reasonable Assurance
Contract management -waivers	September 2024	Reasonable Assurance
ICT governance	September 2024	Reasonable Assurance

Other work completed in 2024/2025

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Follow up of agreed management actions
- Consultative engagements, including:
 - ▲ Financial management system replacement project (data analysis)
 - ▲ Data cleansing of feeder information to support the new general ledger project
 - ▲ A review of the recently introduced purchase to pay processes
 - ▲ Grant schemes including UK shared prosperity fund
- Grant certification work:
 - ▲ Bus Subsidy Operators Grant
 - ▲ Changing Places - 6 separate scheme reviews
 - ▲ Future High Streets Fund - Hambleton
 - ▲ Heritage Action Zone - 3 separate scheme reviews
 - ▲ Library Improvement Fund - Scarborough
 - ▲ Local Enterprise Partnership (LEP) growth hub
 - ▲ Local Transport Plan
 - ▲ Pooling Housing Capital Receipts return
 - ▲ Supporting Families Programme – covering 4 separate time periods
 - ▲ Transforming cities fund – 3 separate scheme reviews
- Provision of support and advice
- Completing financial appraisals
- Certifying Scarborough and Harrogate Charter Trustee annual returns
- Obtaining updates on the control and risk management arrangements of the council within the 11 key areas for our annual opinion.

APPENDIX B: Summary of key issues from audits finalised since the previous committee

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Procurement Act 2023 (Preparedness Assessment)	Substantial Assurance	<p>After leaving the European Union, the Government developed a new procurement regime to replace the previous regulations, resulting in the adoption of the Procurement Act 2023 ("the 2023 Act").</p> <p>The audit reviewed the management of the transition to the 2023 Act ahead of its implementation in February 2025.</p>	December 2024	<p>The Procurement and Contract Management service had an implementation action plan which helped to guide preparation for the new requirements. This plan met all five categories of relevant Crown Commercial Service guidance.</p> <p>The plan had clear timescales and responsibilities for plan completion. Actions were on track for completion when compared to the plan.</p> <p>Officers had identified the key existing policies, procedures, and processes that needed to be updated, redesigned, or introduced. Key documents such as the Procurement and Contract Procedure Rules, and the Procurement Manual had been suitably updated. The council's Procurement Strategy was planned to be updated after the introduction of the new Act.</p> <p>One minor improvement was suggested which was to further develop the action plan to include additional actions and risk information.</p>	<p>1 Opportunity finding was agreed.</p> <p>Responsible officer(s): Head of Procurement and Contract Management</p> <p>The action plan was updated to include a 'lessons learned' exercise post-implementation.</p> <p>The risk register in the action plan was updated to meet the Risk Management Policy and Risk Management Procedure best practises. The risk register was also shared with the Corporate Procurement Board to agree the council's approach to risk, impact and mitigation.</p> <p>The opportunity finding has been completed.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
ICT access controls	Reasonable assurance	<p>Access controls are essential for safeguarding the council's data and systems, to maintain confidentiality, integrity, and availability.</p> <p>Our work reviewed whether:</p> <ul style="list-style-type: none"> • There is an access control policy in place • Only authorised users are provided with access to the council's network • User accounts are monitored • Access is removed from users once it is no longer needed • Unauthorised individuals cannot gain access to the system • Administrator user accounts are secure 	December 2024	<p>The council's access controls policy and procedure notes cover all areas recommended by ISO 27002.</p> <p>There was a clear process in place to set users up with access on the network and there is a clear inventory of all users on the network.</p> <p>Secure access controls ensure only authorised users can obtain access to source code and programme library of applications created by NYC.</p> <p>The Council monitors activity of privileged user accounts and additional controls maintain the security of privileged user accounts.</p> <p>Processes are in place to ensure access is removed from users once it is no longer needed.</p> <p>There were some users on active directory with no employment record. There were also some generic user profiles on active directory, which is prohibited by the access controls policy.</p>	<p>2 x significant findings, 1 moderate finding and 1 opportunity were agreed.</p> <p>Responsible officer: Technology Group Manager</p> <p>The Access Management team will review instances where users were included on active directory, but no current employment record was found. Some work has been done and the number of users mismatch reduced. Work is expected to be completed by 31 March 2025.</p> <p>Officers will continue to monitor and remove generic user profiles which is likely a fallout from the merger of all eight Active Directory accounts.</p> <p>Work is expected to be completed by 30 June 2025.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Power of Attorney and Court of Protection	Substantial Assurance	<p>Officers have been completing a project to make changes to the banking arrangements for people who the Council protect and manage as part of its Court of Protection responsibilities.</p> <p>We reviewed the arrangements that would ensure:</p> <ul style="list-style-type: none"> the process to transfer funds, and the reconciliations undertaken are reviewed and accurate Access controls to bank accounts are considered and clearly defined Authorisation levels for expenditure are appropriate Processes for pre-paid cards are in place to ensure suitable oversight, authorisation, and limitation of access. 	January 2025	<p>The transfer of money from Oracle to the new bank account (BMAP) is largely complete, with the intention that processes will go live in March 2025.</p> <p>There are suitable procedures in place for the new financial processes. These covered the key banking procedures including setting up bank accounts and access, reconciliations, authorisation, and pre-paid cards. There are also process maps in place for the new 'to be' processes which were written as part of the project.</p> <p>Access to the system is appropriate and has been clearly defined.</p> <p>We suggested aligning authorisation levels over £100k with existing Council limits.</p> <p>We also highlighted that the full transfer of money from the old to the new system be reviewed and counter signed when completed, and officers establish whether an audit trail exists in the system to show who has accessed client bank accounts.</p>	<p>4 x Moderate findings were agreed.</p> <p>Responsible officer: Court of Protection (COP) Manager</p> <p>The COP Manager is to work with finance to agree the full transfer of money be signed off and ensure levels of authorisation are agreed</p> <p>The COP Manager is to work with the HAS team responsible for the social care Controccc system to further establish the extent to which a full audit trail can be established.</p> <p>All actions are planned to have been completed by 31 March 2025.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Health and Social Care personal bank accounts		<p>In April 2024, an employee at another council was found guilty of fraud for redirecting funds from Council-managed personal bank accounts into their personal bank account.</p> <p>This audit reviewed the equivalent processes and controls at NYC to ensure they were adequate and would prevent a similar fraud from occurring.</p>	February 2025	<p>The only area where HAS staff manage bank accounts is on behalf of clients is the Court of Protection service.</p> <p>There were appropriate controls within the service area for managing banking details securely. These controls included restriction of access, separation of duties and manual and automated system checks.</p>	No findings
Business Continuity	Reasonable Assurance	<p>The audit reviewed whether:</p> <ul style="list-style-type: none"> The business continuity policy is consistent with statutory requirements and best practice The business continuity policy is appropriately communicated throughout NYC Senior Managers structures The business continuity policy objectives are being complied with by those with identified responsibilities 	February 2025	<p>The Council's Business Continuity Policy and incident management plans align with CIPFA's guidance. The Council has established suitable governance arrangements to oversee its business continuity process. The business continuity policy is also readily accessible.</p> <p>The policy sets out the roles and responsibilities of senior management and the heads of services with the support of the emergency planning team, in response to an incident.</p> <p>The Council has conducted a business impact assessment for all services, and based on these assessments,</p>	<p>4 x Moderate findings were agreed.</p> <p>Responsible officer: Emergency Planning Manager (Business Continuity)</p> <p>Prioritisation work has started. Once the revised critical activities list is approved by Corporate Management Board this list will inform the prioritisation of more detailed business impact analysis work.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<ul style="list-style-type: none"> Suitable governance arrangements are in place for business continuity management. 		<p>incident management plans have been developed. The level of detail in these plans fluctuates between service areas, with some plans not including all the expected information.</p> <p>Although individual incidents in the past year have tested the incident management arrangements, not all of the plans have been tested.</p> <p>The council has identified its critical services; however, it has not yet determined which services will have priority in accessing assets during an emergency.</p> <p>The Emergency Planning Team has offered training to key services to enhance their business continuity arrangements. However, not all services have taken up this training.</p>	<p>Service incident management plans will be reviewed.</p> <p>We will create and undertake a rolling 3-year schedule to:</p> <ul style="list-style-type: none"> cover the testing of plans at corporate, directorate, assistant directorate and service team level, and ensure that all relevant members and officers receive appropriate business continuity awareness training. <p>All actions are planned to have been completed by 31 October 2025.</p>
Schools themed audit (Ring fenced funding)	Reasonable Assurance	<p>We reviewed the arrangements in a sample of NYC maintained schools to ensure that:</p> <ul style="list-style-type: none"> Schools in receipt of pupil premium can demonstrate how the funding has been spent, 	February 2025	<p>Each school had a pupil premium plan, strategy, and showed they had spent all 2023/24 funding. A governor and staff member had been assigned responsibility for pupil premium to review and agree the pupil premium spending plans in yearly meetings or review boards. However minutes did not always demonstrate ongoing</p>	<p>1 Significant priority, and 3 x Moderate findings agreed.</p> <p>Responsible officer(s): Head of Finance (Schools, Early Years and High Needs)</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<p>and how they plan to utilise future funding</p> <ul style="list-style-type: none"> Schools in receipt of PE and sport premium used this funding as per the grant conditions Pupil and sport premium use is evidenced through reports published on each school website where appropriate Those schools in receipt of top-up funding for high needs pupils are able to demonstrate how this funding is used specifically in relation to supporting the individual's education. 		<p>review and challenge of pupil premium information by governors, and pupil premium was not a standing item on governing body agendas for most schools.</p> <p>All sampled primary schools were able to provide evidence of their PE and sport premium budget, spending plans and expenditure. However two primary schools had not uploaded their PE and sport premium report within the funding specified deadline.</p> <p>There was a lack of consistent and proactive advertisement of pupil premium to parents and caregivers, either internally or via the school's website.</p> <p>Not all schools could evidence SEND element 3 top-up funding had been ring-fenced for the needs of specific pupils. There was also a lack of documentation demonstrating how the funding is used to pay for the relevant teacher and support worker salaries.</p>	<p>Guidance will be developed for schools in respect of ring-fenced funding. The guidance will cover relevant areas relating to SEND element 3 top up funding, pupil premium and PE and sports premium.</p> <p>Schools will be reminded of the management requirements of ring-fenced funding at the School Admin & Finance Conference (Summer 2025).</p> <p>All actions are planned to be completed by 31 July 2025.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
School audit (Wheatcroft Community Primary School)	Limited assurance	A review of financial and non-financial processes within the school.	February 2025	A number of findings were raised relating to the business and financial management of the school. These have been reported to the school's head teacher, central finance staff, governors, and the local authority.	All findings have been responded to and agreed actions are now in place. Agreed actions will be followed up as these become due.
School audit (Overdale Community Primary School)	Reasonable assurance	A review of financial and non-financial processes within the school.	February 2025	A number of findings were raised relating to the business and financial management of the school. These have been reported to the school's head teacher, central finance staff, governors, and the local authority.	All findings have been responded to and agreed actions are now in place. Agreed actions will be followed up as these become due.
Purchase cards	Reasonable assurance	<p>A review of purchase cards to ensure:</p> <ul style="list-style-type: none"> • expenditure is appropriate, within authorised limits, and supporting evidence is retained. • Suitable procedures and arrangements in place to manage purchase cards are in place. 	February 2025	<p>Monthly logs were being completed and receipts were being provided as evidence to support transactions.</p> <p>The Authority uses purchase cards from three banks linked to the arrangements inherited from the eight previous councils. There is no single set of procedure notes or guidance setting out acceptable use of purchase cards across the council. There is also no consolidated list of purchase card holders across the council.</p> <p>The council has not assessed all purchase card holders to confirm whether a purchase card continues to</p>	<p>1 Significant priority, and 3 x Moderate findings agreed.</p> <p>Responsible officer: Senior Accountant (Technical)</p> <p>Procedures and processes for purchase cards across North Yorkshire Council will be converged to one policy.</p> <p>The one policy will include the criteria for usage of cards which will allow a complete review of existing cards to be undertaken, and</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				<p>be required, and if so that monthly limits are appropriate.</p> <p>No procurement exercise has been undertaken to consolidate all the purchase cards at one bank.</p>	<p>address issues raised in the audit report.</p> <p>A procurement exercise will be undertaken to bring all the purchase cards under one contract with one bank</p> <p>All actions are planned to be completed by 30 April 2025.</p>

APPENDIX C: Audit opinions and priorities for actions

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively

Priorities for findings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes, but the system objectives are not exposed to risk.

Counter Fraud 3rd Progress Report 2024/25

Date: 17 March 2025

ANNEX 2

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- 3** Background
- 3** Counter fraud management
- 3** Multi-agency work
- 4** Investigative work
- 5** Appendix A: Summary of investigative work



Background

- 1 Fraud is a significant risk to the public sector. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this is detected¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigates allegations of fraud, plans and take part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity in 2024/25.



COUNTER FRAUD MANAGEMENT

- 4 The counter fraud team has developed e-learning modules on the Council's whistleblowing arrangements. A module for all staff details what whistleblowing is, how to raise concerns, and how the organisation will respond to reports of concerns. A second module focusses on guidance for managers and details their responsibilities in the process. The modules can be access by all staff on the Council's learning platform. Further work to promote the modules will take place in 2025/26.
- 5 Veritau has continued to share alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network. "Career polygamy" continues to be a high-profile topic and the team has provided the latest intelligence on this to the Council's HR team. Further alerts about impersonation of senior council officers and attempts by fraudsters to set up direct debits from local authority bank accounts have been shared with relevant officers.



MULTI-AGENCY WORK

- 6 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. Data was submitted on behalf of a number of departments in October 2024 for the biennial exercise. In January 2025, additional data was submitted for participation in the annual Single Person Discount review exercise.
- 7 To date 17k matches have been released from the exercise. A further 17.5k matches have been produced as part of the separate annual NFI data matching exercise that aims to identify potential single person discount

¹ [An overview of the impact of fraud and error on public funds](#), National Audit Office

fraud. The counter fraud team will assess the matches produced from both exercises, liaise with relevant Council services, and investigate where appropriate.

- 8 Veritau has processes in place to undertake investigations alongside the Department for Work and Pensions where both state benefits are in payment and there is a claim for Council Tax Reduction. The team has several ongoing joint working activities. We also work with the Police on matters of joint interest, including as part of adult social care safeguarding processes where the Council may be at risk of financial losses.

INVESTIGATIVE WORK

- 9 Since 1 April 2024, Veritau has received 347 referrals of suspected fraud relating to a range of service areas. These concerns are raised by Council officers, members of the public, and external agencies. Each report is reviewed to determine the most appropriate response.
- 10 To date, the team has concluded 108 cases and has 90 ongoing investigations. Warnings have been issued in 19 cases where individuals had incorrectly obtained or received council tax, NNDR reductions or exemptions, housing support, or for making claims for central government funding distributed by the Council. An application for a school place was also stopped where it was discovered that incorrect home address details had been provided. The team also provided information that will help mitigate future fraud risks and supported internal processes in 23 cases.
- 11 Investigative work has helped the Council to achieve £316.1k in savings. Counter fraud savings² are tracked by monitoring actual repayments to the Council following fraud investigations and calculating the value of stopping ongoing fraud.
- 12 A summary of investigative work can be found in appendix A, below.

² Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2024/25

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2024/25.

	2024/25 actual (to 31/01/25)	2024/25 target (full year)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£316,160	£225,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	48%	30%

Caseload figures for the period are:

	2024/25 (at 31/01/25)
Referrals received	347
Number of cases under investigation	90
Number of investigations completed	108
Number of verifications completed ³	3

³ Verification cases are reviews of applications for school placements.

Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position (eg by a power of attorney). Fifteen cases are ongoing, and 14 have been completed to date. Investigative work has helped the Council to achieve £72.5k of savings. • Council Tax and NNDR fraud – Council Tax and NNDR fraud often involves false applications for discounts and exemptions from liabilities. The team have completed 20 investigations. Work in this area has achieved savings of £195.8k. Warnings were issued in 7 cases where individuals and business owners received discounts and exemptions incorrectly. Twelve cases are ongoing. • Council Tax Reduction fraud – fraud in this area can occur when people claiming a reduction provide false information when they apply or fail to declare changes to their circumstances relating to income, capital, or household occupation. There are 30 ongoing investigations into claims for Council Tax Reduction. Twenty-four cases have been completed which resulted in seven people being issued with warnings. Underpayments of Council Tax were identified in a further four cases. £41.4k of savings have been achieved. • External (or third party) fraud – fraud in this area can relate to financial crime or error perpetrated against the Council, eg mandate fraud, cybercrime, or supplier over charging. The team has 3 active investigations and has completed 17 investigations. In 13 cases Veritau provided information to services to help mitigate the risks of fraud and error. In one further case, a warning was issued to someone who inappropriately obtained central government funding distributed by the Council. • Housing fraud – housing fraud can relate to the sub-letting of council properties and potential abuse of the housing allocation system. The counter fraud team are investigating 5 cases in this area. Two investigations have been complete. A warning was issued in relation to incorrect information being submitted on an application for housing.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • Internal investigations – Cases in this area include matters raised under the Council’s whistleblowing policy. The team has completed 20 investigations in this area, 10 of which resulted in information being provided to support services. There are 24 ongoing investigations. • Local assistance fund – this funding provides support for household goods and necessities to those in need. The counter fraud team investigate the submission of fraudulent applications and misuse of the scheme. One investigation has been completed in this area which resulted in an applicant being issued with a warning for providing incorrect information. • Parking fraud – fraud in this area includes the abuse of the blue badge scheme, such as the use of forged or altered badges, and the misuse of residential parking schemes. The team has completed one investigation in this area in which no fraud was substantiated. There are no ongoing cases relating to parking fraud. Veritau has shared information with the service about fraudsters displaying QR codes in car parks to misdirect parking charge payments and obtain money from members of the public. • School admissions – Veritau supports Council officers to verify applications for school placements where there is a discrepancy in home address records that affect school catchment areas. Three investigations have been completed this year. One placement was stopped as a result of our investigation findings, and two applications were upheld.