



# ANNUAL CORPORATE FRAUD REPORT

## 2024-25

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## Section 1 – Introduction

- 1.1 This report was prepared by the Council's Senior Fraud Investigator in conjunction with the Regional Internal Audit Service (RIAS).
- 1.2 The challenge presented to councils by fraud is significant. The Fighting Fraud and Corruption Locally Strategy '*A Strategy for the 2020s*' produced by local government, for local government, states that local authorities continue to face a significant fraud challenge. The Annual Fraud Indicator 2023, produced by Crowe Clark Whitehill, states that fraud in local government increased from an estimated £7.8bn in 2017, to £8.8bn in 2021-2022. Based on the Public Sector Fraud Authority's (PSFA) methodology, it is estimated that fraud and error cost the taxpayer £55 billion to £81 billion in 2023-24. It is reported that only a fraction of this is detected and known about – enabling investigation and recovery. The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today, with 3.2 million incidents of fraud recorded between 2022-2023 and latest crime figures in England and Wales from the Office for National Statistics have revealed that fraud offences have increased by 19% (to 3.9 million offences) in the year ending September 2024.
- 1.3 The impact of fraud should never be underestimated. Fraud leaves the Council with less money to spend on services for residents and costs taxpayers money. Fraud against a local council is not a victimless crime. There is not only the lost/stolen money to consider but also the loss of working time investigating and correcting issues, liaising with police and lawyers, any subsequent court costs, increased insurance premiums, reputational damage for individuals or the Council as a whole and poor staff morale.
- 1.4 The Council sets high standards for both Members and Officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery, or corruption promptly. It has in place policies, procedures, and reporting mechanisms to prevent, detect, and report on fraud, bribery, and corruption. These include the Fraud Strategy and Framework, a Whistleblowing Policy, ICT Code of Conduct, Anti-Fraud, Bribery and Corruption Policy, Anti-Tax Evasion Policy, and Anti Money Laundering Policy. A Fraud Risk Register is also in place.
- 1.5 The 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. The updated strategy for 2025-26 to 2027-28 was reviewed by the Governance and Audit Committee in April 2025 and endorsed by Cabinet in June 2025.
- 1.6 The current cost of living crisis has continued to have a major impact on everyone during 2024-25. One consequence has been that many organisations, including councils, are being targeted by an increase in potential scams. This growing trend has placed more importance on the roll out of fraud awareness which aims to ensure that staff are equipped to identify such threats and avoid becoming a victim of fraud.

## Section 2 – Proactive Work

- 2.1 The Fraud Strategy and Framework includes reactive and proactive work and sets out the developments and actions the Council proposes to take over the medium-term 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 (including Discounts and Exemptions)
  - Housing benefits
  - Parking concessions (Blue Badge Scheme)
  - Grants
  - Procurement
  - Contract Management
  - Employees (For example: fraudulent claiming by employees of flexi, mileage expenses and misuse of corporate purchasing cards).
- 2.3 These areas and others can be regularly subject to attack by individuals / groups intent on committing fraud, which means that there is less money and resources available for those in genuine need. It is therefore 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. Consideration should also be made as to how services that are more susceptible to fraud manage that risk.
- 2.4 A detailed fraud risk register has been produced which has been presented to the Governance and Audit Committee and was approved by Cabinet in March 2022. It provides a robust tool to assist in ensuring resources are targeted correctly. The Fraud Risk Register is monitored by the Corporate Management Board on a quarterly basis and any significant risks identified will be escalated to the Corporate Risk Register, scored accordingly, and reported to the Governance and Audit Committee where necessary.

### Policies

- 2.5 There are a number of Council policies in place to assist and support the raising of fraud awareness and to help tackle fraud, bribery, and corruption within the Council. These policies will dovetail and ensure that the public, Members, and staff have clear guidance on how to identify and report suspected or known fraud, bribery, or corruption.
- 2.6 In January 2021 a new policy was drafted and added to the current suite to deal with Tax Evasion. The Governance and Audit Committee approved an updated

version of this policy in April 2025. The Anti-Money Laundering Policy and Anti-Fraud, Bribery and Corruption Policy were also reviewed and updated and approved by the Governance and Audit Committee in June 2025 prior to their approval by Cabinet.

2.7 Below are some of the relevant policies currently in operation which assist in the overall fraud awareness strategy.

- Whistleblowing Policy
- Anti-Fraud, Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Anti-Tax Evasion Policy
- ICT Code of Conduct
- Financial Procedure Rules
- Grants Financial Management Policy
- Various HR policies

### **Develop Fraud Awareness**

2.8 The Bridgend's intranet pages are in the process of being improved and updated and an increased amount of fraud information will be made available to staff. Significant improvements were also made to the Council's external website during 2024 to include a wealth of information relating to fraud and guidance on how fraud can be reported to the Council. The website also provides members of the public and staff with the ability to report instances of suspected fraud directly to the fraud department. Reports can also be made via My Account.

2.9 The steps to support continual improvement state that alerts will be provided to staff and Members across the Council, to raise awareness when notification of a potential fraud, relevant to their service area, is received. When warnings are received from the National Anti Fraud Network or other relevant organisations, they are shared with those departments affected, and schools where necessary, to ensure they are aware of any potential threats. In addition, when the Council receives information from outside organisations concerning potential fraud that may have a direct consequence to members of the public or staff, this information is shared with the Communications Team to ensure details are published on the Council's social media platforms.

2.10 Fraud awareness training continues to be delivered by the Senior Fraud Investigator. During 2024-25 training was delivered to staff within Benefits, Council Tax, Creditors, Payroll and Customer Services. Fraud awareness also continues to form part of the induction process for all new Benefits staff. A fraud awareness training session was presented to all existing Members in October 2023 with further training planned for September 2025.

### **Training**

2.11 A Fraud Prevention e-learning module has been developed to support the Anti-Fraud, Bribery and Corruption, Anti-Money Laundering, and other relevant policies that have been approved by Cabinet. The Council promotes a zero-tolerance

approach to fraud and corruption and the training will enhance staff and Members' understanding of how fraud may occur, encourage prevention, and promote detection of suspicious activities. This will enable staff and Members to act with integrity and to respond effectively when incidents do occur. The e-Learning module has been rolled out across the Council and is a mandatory requirement for identified services and teams. The Council does however promote its completion by everyone.

### **Data Analytics**

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

### **Section 3 – National Fraud Initiative Data Matches 2024-25**

- 3.1 The National Fraud Initiative (NFI) is included as one of the steps to support continual improvement to reduce fraud. This is a biennial exercise coordinated by the Cabinet Office across the UK, and by Audit Wales in Wales, whereby data is extracted from the Council's systems. This data is matched against data submitted from other bodies such as other Local Authorities, Department for Work and Pensions (DWP), His Majesty's Revenue & Customs (HMRC), NHS & Trusts, Police and Housing Associations etc. across the UK. 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 Senior Fraud Investigator, facilitate the upload of data and user account management and provide assistance, training and advice to officers reviewing the data matches.
- 3.3 The current data matching exercise began in October 2024 with data being extracted and forwarded to the Cabinet Office. The resulting matches were released to the Council in December 2024 and are due for finalisation and completion during October 2026. Initially a total of 8,196 matches across areas including housing benefit, council tax reduction scheme, payroll, blue badges, creditors, and licensing were identified. It is possible that further matches will be released to the Council as the exercise progresses.
- 3.4 Work on the matches released in December 2024 has only just started but, so far, a review of 585 of these data matches during the accounting year 2024-25 has resulted in 238 frauds or errors being identified with a value of £8,017.23, all of which is recoverable. Table 1 summarises the results and more details are provided in **Annex 2**.

**Table 1 – National Fraud Initiative Data Matching Exercise Results 2024-25**

Type	Fraud/ Error Number	Fraud/ Error Value	Recoverable	NFI Estimated Savings*
Housing Benefit	1	£1,097.09	£1,097.09	£364.99
Council Tax Reduction Scheme	7	£6,920.14	£6,920.14	£3,923.66
Blue Badge	230	£0.00	£0.00	£182,620.00
<b>Total</b>	<b>238</b>	<b>£8,017.23</b>	<b>£8,017.23</b>	<b>£186,908.65</b>

\*Refer to paragraph 3.7

- 3.5 The exercise also resulted in the cancellation of 230 blue badges, where the holder was deceased, generating a notional Cabinet Office calculated savings figure of £182,620 based on potential lost revenue from parking charges and congestion charges (where applicable) as per Cabinet Office estimated savings methodology.
- 3.6 The next biennial NFI data matching exercise will be due to commence in October 2026 when data will once again be extracted and forwarded to the NFI. These new matches are due for release in January 2027.
- 3.7 NFI estimated savings are a Cabinet Office defined methodology, which predicts the potential or projected loss if the fraud/error had not been identified. Audit Wales also publish the estimated savings in their fraud related reports. It is not 'real' money to the Council and cannot be reflected in bottom line savings. **Annex 3** provides a summary of the Cabinet Office estimated savings methodology.

### **Single Person Discount (SPD)**

- 3.8 The NFI also produce an annual exercise relating to SPD, generated from the Council Tax system. These matches highlight where there may be more than one adult at a property currently in receipt of SPD.
- 3.9 In total 1,872 households were produced for review during 2024. The review of these data matches resulted in 282 frauds or errors being identified. Table 2 summarises the results and more detail is provided in **Annex 4**.

**Table 2 – NFI Single Person Discount Results 2024**

Type	Fraud/ Error Number	Fraud/ Error Value	Potentially Recoverable	NFI Projected Savings
Single Person Discount	282	£138,135.59	£138,135.59	£205,183.46

- 3.10 Further SPD data was extracted and forwarded to the NFI in December 2024 and these matches were released for review in January 2025. In total a further 4,236 matches have been produced for investigation during 2025 and work has commenced on these. A further 4,823 matches were released later in 2025 as a

result of new projects undertaken by the NFI team where data was matched with additional organisations.

- 3.11 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 5**.

#### **Section 4 – Counter Fraud & Corruption Work**

- 4.1 Internal Audit is a statutory requirement within Local Government. The Council's internal audit provision is undertaken by the Regional Internal Audit Service, a partnership shared service between Bridgend County Borough Council, Merthyr Tydfil County Borough Council and the Vale of Glamorgan Council, which is the host authority.
- 4.2 Under the Public Sector Internal Audit Standards (PSIAS), 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.
- 4.3 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.
- 4.4 The Head of Internal Audit's annual opinion for 2024-25 for Bridgend was "Reasonable Assurance" with no significant cross-cutting control issues identified that would impact on the Council's overall control environment. The annual opinion was considered at the Governance and Audit Committee on 19<sup>th</sup> June 2025. This opinion statement is also included with the Council's Annual Governance Statement.
- 4.5 Suspected frauds can be referred directly to Internal Audit or the Senior Fraud Investigator for review during the year. This work can be generated in several ways, for example by whistleblowing, complaint referrals, by Managers who may have concerns over a certain issue or as a result of an audit review. No fraud referrals were referred to Internal Audit during 2024-25.
- 4.6 As a result of the current cost of living crisis, there has been an increase in the number of scams in existence. All staff, as well as residents, are made aware of these by information being circulated through the Council's Communication Team or via the Council's Senior Fraud Investigator. For example, information relating to fake invoices and purchase orders is sent to the Creditors and Procurement Team,

information relating to employment fraud is shared with the Council's Human Resources and Payroll Department and any potential fraud that could have a direct impact on schools is shared directly with them. Any information received relating to scams that could have a direct effect on the public, for example the recent fake QR codes displayed on parking payment machines in the Council's car parks, are publicised internally to staff, but also externally on the Council's social media channels and via the local media where necessary to ensure both staff and the public are aware and to remind them to remain vigilant.

### **Council Tax Reduction (CTR) Fraud**

- 4.7 In 2015, investigation work for Housing and Council Tax Benefit transferred to the Department for Works and Pensions (DWP) Single Fraud Investigation Service (SFIS) but the responsibility to provide support for council tax, and the funding associated with it, was devolved to the Welsh Government.
- 4.8 The Council's Fraud Investigation department, based on information received regarding claimants' circumstances, undertakes investigations in respect of cases of fraud in CTR. Table 4 below, illustrates the source of fraud referrals received during the period 2024-25.

**Table 4 – Source of Referrals 2024-25**

<b>Source of Referrals</b>	<b>2024-25</b>
NFI	13
Benefit/Taxation Staff	13
HBMS* data match	0
Department of Work and Pensions (DWP)	6
Claim Review	8
Anonymous (letter/telephone/email)	28
Verify Earnings and Pensions (VEP) alerts**	1
Other organisation/department	3
BCBC Website	75
<b>Total</b>	<b>147</b>

\*DWP Housing Benefit Matching Service

\*\*A data match with HMRC

- 4.9 A large proportion of the referrals received related to DWP benefits or housing benefits, and consequently these were forwarded to DWP's Single Fraud Investigation Service (SFIS) to investigate. Fraud referrals are normally forwarded to SFIS in the following circumstances:
- The referral relates to the entitlement to a DWP benefit such as Income Support, Jobseeker's Allowance, Employment and Support Allowance or Universal Credit
  - The 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.
- 4.10 During 2024-25 the Council's Fraud Investigation department referred 45 cases to DWP's Single Fraud Investigation Service (SFIS) to investigate.



- 4.11 Table 5 illustrates a breakdown of the types of allegations of council tax reduction / benefit fraud that were referred to the Fraud Investigation department during the period 2024-25.

**Table 5 – Type of Allegation 2024-25**

Type of Allegation	2024-25
Undeclared income	31
Undeclared increase in income	6
Undeclared capital/savings	15
Living together	45
Non-residency	12
Discrepancy – non-dependant	12
Discrepancy – household occupants (e.g., SPD*)	4
Other (e.g., DLA**/Tax Credits/Contrived)	22
<b>Total</b>	<b>147</b>

\*Single person discount    \*\* Disability Living Allowance

- 4.12 During 2024-25, 94 cases were closed. The closure categories are detailed in Table 6 below.

**Table 6 – Reason for Closure 2024-25**

Reason for closure	2024-25
No fraud	1
Not investigated	79
Fraud proven*	14
<b>Total</b>	<b>94</b>

\*i.e., sufficient evidence to instigate legal proceedings

- 4.13 Cases closed but not investigated either lacked sufficient details to instigate an investigation, or there was no evidence of fraud (e.g. the person was not claiming benefits).
- 4.14 Table 7 below provides the Council Tax Reduction and incidental housing benefit savings that have been achieved as a result of the fraud investigations concluded during 2024-25.

**Table 7 – Savings Achieved 2024-25**

Savings	2024-25
CTR excess reduction	£31,370.97
Future CTR saving	£8,436.45
Housing Benefit	£38,180.54
<b>Total</b>	<b>£77,987.96</b>

- 4.15 Once a case has been closed as fraud proven and the CTR adjustment (known as an excess reduction) is calculated, the case is referred to the Benefits and Financial Assessments Manager to determine whether a sanction is appropriate. The sanctions available to the Council are prosecutions, issuing a financial penalty or a fine.

4.16 The level of a financial penalty, which is offered as an alternative to prosecution, is prescribed in the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (Wales) Regulations 2013. The amount of the penalty is 50% of the amount of the excess reduction subject to a minimum amount of £100, and a maximum amount of £1,000. As an alternative to this type of penalty fines may be issued as follows:

- £100 – may be offered as an alternative to prosecution for acts or omissions that could have led to an incorrect award of CTR.
- £70 – may be imposed for:
  - an incorrect statement, information or evidence that leads to a CTR award that is greater than entitlement; or
  - a failure to notify of a change in circumstances meaning that a CTR award is greater than entitlement.

4.17 Table 8 illustrates the penalties and fines issued in the relevant period. It also provides information on the number of successful prosecutions in 2024-25.

**Table 8 – Successful Sanctions 2024-25**

Successful sanctions	2024-25	Amount
Prosecutions	1	N/A
Penalties	10	£6,844.38
Fines	1	£70.00
<b>Total</b>	<b>12</b>	<b>£6,914.38</b>

4.18 In addition to the penalties and fines, administration penalties are raised on behalf of the DWP, following their investigations into claims for Housing Benefit and Council Tax Benefit. During 2024-25, £1,497.53 was raised as a result of these administration penalties. The fraud department also provides assistance to the DWP throughout their investigations. Information and advice is given in respect of the Housing benefit and CTR that has been claimed. During 2024-25 Housing benefit savings of £55,674.43 and CTR savings of £12,053.37 were generated as a result of these DWP investigations.

#### **CTR Prosecutions 2024-25**

4.19 One CTR investigation undertaken by the Senior Fraud Investigator led to a successful prosecution in 2024-25. The court imposed on the defendant a fine of £504 and ordered them to pay £650 in legal costs, £1,500 in investigation costs and a £202 victim surcharge.

#### **Blue Badge Misuse**

4.20 The Council's Fraud Department undertakes work on blue badge fraud and misuse and, during 2024-25, nineteen reports were received. Twelve of these reports involved people dishonestly displaying another person's badge or using a badge that they were not entitled to. Two reports related to a cancelled/expired badge still being used, two reports related to a deceased persons badge still in use, and three

related to false applications being made to apply for a badge. Lack of evidence in these cases resulted in twelve being closed, with no further enforcement action taken. Seven were taken forward for further investigation and, of these, five cases were closed following an official warning letter being issued to the badge holder and/or the person found to be misusing the badge, and one case was closed with no further enforcement action, with the badge permanently withdrawn from the person and securely destroyed. One case was taken forward for prosecution and more information in respect of this is provided in paragraph 4.23.

- 4.21 Specialist training was provided to the Council's Civil Enforcement Officers and Parking Manager in May 2023 with further training provided as and when required. This will enable them to correctly identify and deal with potential blue badge misuse at street level. It is the intention of the Council's Fraud Department to work jointly with the Parking Services Department to conduct regular enforcement days and fraud drives within the County Borough. The Council's Fraud Department, in conjunction with the Parking Services Department are also active participants in the Annual National Blue Badge Day of Action. Any cases of misuse identified are taken forward by the Fraud Department for investigation and, where appropriate, official warnings issued, and prosecutions instigated against offenders.
- 4.22 In response to an increase in Blue Badge misuse across Wales, Welsh Government has a vision for a consistent approach to blue badge enforcement and are actively looking into funding options to support local authorities in this work. The outcome of their research will help shape the progression of this area of work within Bridgend County Borough Council. Blue Badge training events, organised and paid for by Welsh Government, were arranged across Wales in 2024 with further training events planned for April 2026. Invitations will be sent to local authorities for both Parking Services and Fraud Investigation teams to attend, allowing them to refresh their knowledge in this area of work.

### **Blue Badge Prosecutions 2024-25**

- 4.23 One Blue Badge investigation, undertaken by the Senior Fraud Investigator, led to a successful prosecution in 2024-25. The case originated following an enforcement day in June 2024 in Bridgend Town Centre and involved a person using a badge to obtain parking without the badge holder being present. The court imposed on the defendant a fine of £144 and ordered them to pay £75 in legal costs, £75 in investigation costs, and a £34 victim surcharge. As the defendant was also an employee of the authority, an internal disciplinary investigation followed.
- 4.24 A further Blue Badge investigation, undertaken by the Senior Fraud Investigator, was also prepared for review by the Council's legal team during 2024, and put forward for prosecution. The case involved the use of a blue badge by a person who was not the badge holder, where the badge had previously been reported lost and subsequently cancelled. The defendant entered a not guilty plea in Court in December 2024 and the case was listed for trial in June 2025. A successful prosecution was obtained in respect of this case, with the defendant pleading guilty to one charge under the Fraud Act 2006. Further details in respect of this outcome will be provided in the Annual Corporate Fraud Report 2025-26.

## **The Fraud Department**

- 4.25 The Council will always publicise successful prosecutions undertaken by the Fraud Department via media release, and on our social media channels. This will both act as a deterrent and encourage people to come forward to report fraud.
- 4.26 The Fraud Department consists of two members of staff; the Senior Fraud Investigator and one Fraud Investigator. The team is responsible for dealing with fraud issues across the council and therefore has limited capacity. Despite this however, the team continues to produce positive results and savings for the council.

### **Section 5 – Joint Working & Partnerships**

- 5.1 Bridgend County Borough Council became part of a joint counter fraud initiative with SFIS in April 2019. During 2024-25, there were no cases suitable for joint working that could be sent to SFIS by the Council.

During 2024-25, SFIS has referred a number of cases to the Council. Of these:

- Four cases were closed due to lack of evidence.
- One case is still currently ongoing.
- One case, referred to the Council in a prior year, is still being assessed by the Crown Prosecution Service (CPS) with a view to the case being put forward for prosecution action.

- 5.2 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 also been arranged and provided to the group, by relevant organisations throughout this period. The Council is also an active member of the National Anti-Fraud Network who amongst other things, provide the Fraud Department with regular weekly bulletins on the latest fraud threats and trends.
- 5.3 The Council has a good working relationship with the Police and other outside agencies which all share information and intelligence. In addition, as new grants and emergency financial packages have become available, due to the current cost of living crisis, intelligence, procedures, local risks, and threats have been shared with other local authorities to actively try to prevent fraudulent claims.
- 5.4 In addition, a strong working relationship exists with fraud colleagues in Merthyr Tydfil and the Vale of Glamorgan Council, and this collaborative working is beneficial to all parties.

## Section 6 – National Studies

- 6.1 During 2019-20, the Council took part in a national study, the objective being to review the effectiveness of counter fraud arrangements in the Welsh public sector. Information including policies, resources, and good practice in respect of counter fraud work was provided which was supplemented by more in-depth questioning and information gathering by Audit Wales.
- 6.2 The resulting Audit Wales report, *'Raising Our Game - Tackling Fraud in Wales'* was published in July 2020 and is the latest report that has been produced. The report and any recommendations, along with the *'Fighting Fraud and Corruption Locally a Strategy for the 2020's'* guidance has been fully considered and integrated into the new and updated Fraud Strategy and Framework for 2025-26 to 2027-28.

## Annex 1

### Steps to Support Continual Improvement

	Action
1	Maintain a fraud risk register, which is reviewed quarterly by the Corporate Management Board. Any significant risks identified will be escalated to the Corporate Risk Register and reported to the Governance and Audit Committee
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 Senior Fraud Investigator 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 is responsible for the review of matches that are returned and for referring suspicions of fraud and corruption to the Senior Fraud Investigator.
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 Department for Work and Pensions (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 provide alerts to staff and Members across the Council when notification of a potential fraud, relevant to their service area, is received. When notification of a potential fraud is received that may impact the public, details are passed to the Communications Team to arrange suitable media coverage.

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	Action
9	To actively maintain the Council's membership of the Welsh Fraud Officers Group and The Chartered Institute of Public Finance and Accountancy (CIPFA), which provides training and intelligence regarding new and emerging fraud risks. Also to maintain all other links to enforcement partners including the Police, DWP and HM Revenue & Customs, and to be open to new and innovative anti-fraud projects.
10	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.
11	To provide a clear and concise point of reference for necessary information on fraud, maximising the potential of digital, to enhance the user experience. To maintain the fraud internet/intranet pages and ensure they are kept up to date and provide a means to refer cases of suspected fraud directly to the Fraud Investigation department.

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## Annex 2

### National Fraud Initiative Data Matching Exercise Results Breakdown 2024-25

NFI	Type / Area	NFI	Frauds/ Errors	Fraud/Error Amount	Recoverable	NFI Projected Savings
2	Housing Benefit Claimants to Student Loans	Yes	1	£1,097.09	£1,097.09	£364.99
			1	£1,097.09	£1,097.09	£364.99
172.1	Blue Badge Parking Permit to DWP Deceased Persons	Yes	230	£0.00	£0.00	£182,620.00
			230	£0.00	£0.00	£182,620.00
436.1	Council Tax Reduction Scheme to Pensions	Yes	4	£1,064.10	£1,064.10	£360.69
440.1	Council Tax Reduction Scheme to Pensions	Yes	1	£397.68	£397.68	£699.60
482	Council Tax Reduction Scheme to DWP Deceased	Yes	1	£33.56	£33.56	£1,342.40
483.2	Council Tax Reduction Scheme to HMRC Household Composition	Yes	1	£5,424.80	£5,424.80	£1,520.97
			7	£6,920.14	£6,920.14	£3,923.66
		Totals	238	£8,017.23	£8,017.23	£186,908.65
Colour Coding:						
Recoverable by DWP over an undefined period.						
Recoverable by BCBC over an undefined period.						
Cabinet Office projected savings during financial year						



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### Annex 3

#### Cabinet Office Estimated Savings Methodology

Data Match	Estimated Savings Methodology
<b>Housing Benefit</b>	<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>
<b>Council Tax Reduction</b>	<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>
<b>Welfare Benefits</b>	<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>
<b>Pensions</b>	<p><b>Deceased Pensioners:</b></p> <p>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>
<b>Blue Badges</b>	<p>£794 per blue badge cancelled to reflect lost parking and congestion charge revenue.</p> <p><b>Estimate considers:</b></p> <ul style="list-style-type: none"> <li>• the average reported cost per badge per year due to badge misuse</li> <li>• the prevalence of fraud - proportion of blue badges that are likely to be misused</li> <li>• the duration for which fraudulent use of the blue badge may continue undetected</li> </ul>
<b>Concessionary Travel</b>	<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><b>Estimate considers:</b></p> <ul style="list-style-type: none"> <li>• the cost of concessionary journeys made</li> <li>• costs associated with card administration</li> <li>• the duration for which fraudulent use of the pass may continue undetected</li> </ul>

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

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## Annex 4

## Single Person Discount 2024

NFI	Type / Area	NFI	Frauds/ Errors	Fraud/Error Amount	Recoverable	Cabinet Office Projected Savings
801	Council Tax to Electoral Register (SPD)	Yes	181	£112,681.72	£112,681.72	£146,110.16
802	Council Tax rising 18s (SPD)	Yes	101	£25,453.87	£25,453.87	£59,073.30
		Totals	282	£138,135.59	£138,135.59	£205,183.46
	Colour Coding:					
	Recoverable by BCBC over an undefined period.					
	Cabinet Office projected savings during financial year (SPD saving based on 2 years).					
Data Match	Basis of Calculation of Estimated Savings					
Council Tax SPD	Annual value of the discount cancelled multiplied by two years					

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### Annex 5

#### Self-appraisal checklist

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
<b>Leadership, commitment, and communication</b>				
1	Are we committed to the NFI? Has the council / board, those charged with governance and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes	<ul style="list-style-type: none"> <li>Focus on prevention and detection and promotion of counter fraud culture across the Council.</li> <li>Updated Fraud Strategy and Framework with specific reference to NFI.</li> <li>Regular updates on progress provided to senior management via monthly Finance Managers Meetings</li> <li>Monthly meetings held by the Senior Fraud Investigator for all staff involved in the exercise to discuss progress and the way forward</li> <li>NFI results reported to Governance &amp; Audit Committee via the Annual Corporate Fraud report and ad-hoc if necessary</li> <li>Email sent to all staff at the commencement of the exercise to advise on the importance of NFI and why we are taking part as an Authority</li> <li>Regular communication with Section 151 Officer in respect of NFI progress and updates</li> </ul>	
2	Have we committed specific resources to support the overall management of the NFI?  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?	Yes	<ul style="list-style-type: none"> <li>The Key Contact for the exercise is the Senior Fraud Investigator. Experience of fraud investigations and able to support and advise staff where required.</li> <li>One-hour monthly meetings held by Key Contact with all staff involved in NFI.</li> <li>Relevant departments allocate staff resource to look at their specific matches but there are no dedicated NFI staff, and this work is conducted in</li> </ul>	

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			<p>addition to their normal role.</p> <ul style="list-style-type: none"> <li>The Key Contact is always available to assist with management of the exercise whenever this is required – no specifics available on time spent.</li> </ul>	
3	Is our NFI Key Contact the appropriate officer for that role, i.e. has sufficient authority to ensure the NFI exercise is delivered effectively?	Yes	<ul style="list-style-type: none"> <li>The Key Contact is the Senior Fraud Investigator who has 22 years' experience of working within the Fraud Department.</li> <li>The Key Contact has a good working relationship with all department leads involved in the exercise</li> </ul>	
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"> <li>Good working relationship between the Senior Fraud Investigator and Internal Audit and any potential control weaknesses are highlighted to IA</li> <li>Audit presence at monthly NFI meetings when necessary</li> <li>Deputy Audit Manager heavily involved in upload of data and information provided to produce NFI matches.</li> <li>NFI results shared with Internal Audit as part of Annual Corporate Fraud Report and ad-hoc as required.</li> </ul>	
<b>Planning and preparation</b>				
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"> <li>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.</li> <li>Updates on the planning process provided to Senior Management</li> <li>All deadlines set by Audit Wales in respect of the exercise are met without exception</li> <li>Department leads are encouraged to set deadlines to progress their matches and make</li> </ul>	

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			progress before the next monthly meeting	
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"> <li>All data provided on time, as per the timetable provided by Audit Wales, via data file upload facility</li> </ul>	
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"> <li>Email sent to all Service Leads prior to the exercise commencing seeking assurance and evidence that a suitable privacy notice was in place</li> <li>Privacy Notice Compliance declaration made via the secure website, ahead of the deadline date set</li> </ul>	
8	Do we review our Data Quality results before starting our investigations? <sup>1</sup>	Yes	<ul style="list-style-type: none"> <li>Data Quality results reviewed in conjunction with Internal Audit both prior to data upload and following release of matches</li> <li>Discussions held with Internal Audit in respect of any issues raised and solutions implemented if possible – any issues identified for Bridgend 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.</li> </ul>	
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"> <li>Service Leads and staff working on the matches are advised of the guidance available on the NFI site</li> <li>Experienced staff who have worked on NFI before are encouraged to refresh their knowledge by reviewing this guidance on a regular basis</li> <li>Training provided to all staff using the NFI site for the first time and to existing users on an annual basis or as and when required</li> </ul>	

<sup>1</sup> 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.

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			<ul style="list-style-type: none"> <li>NFI Helpdesk contact details communicated to all users and reminders issued during monthly meetings.</li> </ul>	
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"> <li>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.</li> <li>Departments that receive most matches i.e. Benefits &amp; Creditors, have other systems in place that provide a better assurance that fraud and error is not entering the system at application stage.</li> </ul>	
10b	If not using AppCheck, is there a clear rationale for this?	Yes	<ul style="list-style-type: none"> <li>As above – alternative systems and process in place to safeguard the Authority from fraud and error</li> </ul>	
<b>Effective follow-up of matches</b>				
11	Have we documented our approach for risk assessing data match reports and investigating data matches? <sup>2</sup>	Yes	<ul style="list-style-type: none"> <li>All service leads are advised to deal with high risk matches with a score above 50% in the first instance where a high number of matches are received. In respect of reports containing a low number of matches, all data supplied would be investigated.</li> <li>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 employment at two different organisations simultaneously, are dealt with first.</li> </ul>	

<sup>2</sup> 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.

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12	Does our approach give priority to local fraud risks? <sup>3</sup>	Yes	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Blue badge matches are dealt with within two months of the data being released to the Authority.</li> <li>• The Key Contact works closely with the Benefit Team Manager to ensure a dedicated resource is supplied by the Benefits Team to look at matches and regular meetings take place between this member of staff and the Senior Fraud Investigator (Key Contact). All high-risk matches supplied to the Benefits Department are reviewed as a priority.</li> </ul>	
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? <sup>4</sup>	Yes	<ul style="list-style-type: none"> <li>• Filter and sort facility built into NFI system is utilised to help with this.</li> <li>• 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 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.</li> <li>• All matches involving members of staff i.e. those provided to Payroll, are dealt with quickly by a</li> </ul>	

<sup>3</sup> 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.

<sup>4</sup> 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.



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			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? <sup>5</sup>	Partly	<ul style="list-style-type: none"> <li>• All matches are allocated to the most appropriate person, who holds the most knowledge and experience in the area to which they relate</li> <li>• Resources are allocated within each service area where possible to deal with the matches relevant to that service</li> <li>• Unfortunately, due to the volume of matches some service areas receive, it is not possible to review all matches, however, the filter and sort options built into NFI are utilised to that high priority and high-risk matches are dealt with first.</li> </ul>	
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"> <li>• All users are reminded in monthly meetings of the importance of working jointly on any matches that may impact another service area.</li> <li>• 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.</li> <li>• 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.</li> </ul>	
16	(In health bodies) Are we drawing appropriately on the help and expertise available from NHS Counter Fraud Service	N/A	N/A	

<sup>5</sup> 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.

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	Wales?			
17	Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes	<ul style="list-style-type: none"> <li>During training, they 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.</li> <li>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.</li> </ul>	
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"> <li>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.</li> </ul>	
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 Wales) or errors are identified, e.g. recovering funds?		<ul style="list-style-type: none"> <li>Any cases identified involving members of staff would be referred to HR and the necessary disciplinary investigation would follow</li> <li>Any cases of theft or fraud by an employee would be reported to the Police</li> <li>Fraud cases found in Benefit matches are dealt with by the Senior Fraud Investigator via penalties and prosecutions where appropriate</li> <li>Any monies identified as being wrongly claimed/paid is recovered via the appropriate channels.</li> </ul>	

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20	Do we respond promptly to enquiries from other organisations that take part in the NFI? <sup>6</sup>	Yes	<ul style="list-style-type: none"> <li>The Key Contact is informed automatically via email of any new queries received from other organisations via the NFI portal.</li> <li>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.</li> </ul>	
<b>Recording and reporting</b>				
21	Are we recording outcomes properly in the secure website and keeping it up to date?	Yes	<ul style="list-style-type: none"> <li>All results are recorded as soon as an outcome is known via the secure website</li> </ul>	
22	Do we provide appropriate and regular feedback to senior management, board / council members and those charged with governance on NFI activity and outcomes?		<ul style="list-style-type: none"> <li>NFI results reported to Governance and Audit Committee via the Annual Corporate Fraud Report</li> <li>Regular updates provided to Senior Management on the progress of NFI exercise</li> <li>Close working relationship with Internal Audit where progress and updates in respect of NFI is discussed</li> </ul>	
23	Do we provide those charged with governance assurances that the reasons for fraud and error happening are understood and that action is taken to address them and improve internal controls?	Yes	<ul style="list-style-type: none"> <li>Annual Corporate Fraud Report provides information in respect of fraud and error</li> <li>Regular updates provided by Internal Audit together with assurances by way of outcome reports on any internal audits undertaken</li> </ul>	
24	Where we have not submitted data or not used the matches returned to us, e.g. Council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know	Yes	<ul style="list-style-type: none"> <li>All data required from the Authority is submitted and on time</li> <li>All matches supplied are reviewed where resources allow</li> </ul>	

<sup>6</sup> 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.

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	how successful they are?			
25	Do we publish, as a deterrent, internally and externally the outcomes of the NFI exercise?	Yes	<ul style="list-style-type: none"> <li>Any outcomes achieved from NFI in respect of fraud would be publicised as a deterrent as per standard procedure and the commitment to do this in our latest Fraud Strategy. This information would then be available both internally and externally</li> </ul>	
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? <sup>7</sup>	N/A	<ul style="list-style-type: none"> <li>All outcomes are recorded via the secure website as advised.</li> </ul>	

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<sup>7</sup> 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.