

Counter Fraud Update

Torbay Council

November 2026

Official

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1. Executive Summary

- 1.1 This first report of 2026/27 provides the Audit Committee with assurance on how Torbay Council's (TC) fraud and error risks were managed during the first half of 2026/27 through the work of Devon Assurance Partnership (DAP) Counter Fraud Services Team. The team's activity supports the protection of public funds and services delivered to residents across Torbay. The report is structured around the five lines of fraud defence – Governance, Prevention, Detection, Redress and Review – in line with recognised CIPFA and Public Sector Fraud Authority guidance.
- 1.2 At a time of unprecedented financial pressure and significant change across Local Government, it is more important than ever that public money, assets and services are protected from fraud. Every pound lost to fraud is a pound that cannot be invested in essential services for our communities. Fraud against public bodies is not a victimless crime, it impacts taxpayers, reduces resources for those in genuine need and can disproportionately affect the most vulnerable in society.
- 1.3 As the Council continues to progress through change and of transformation, DAP remains ready to support services and emerging programmes, helping to ensure fraud risks, governance requirements and appropriate controls are considered throughout design and implementation of change to ensure public funds are protected, risks are effectively managed, and fraud is identified and addressed wherever it occurs.
- 1.4 Members are invited to consider the content of this report in respect of the assurance it provides that fraud and error impacts are being managed proportionately, transparently and in line with good public sector practice, supporting the effective protection of resources and delivery of services to residents.
- 1.5 This report demonstrates that effective counter-fraud arrangements remain in place, with activity focused on preventing, detecting and addressing fraud risks whilst supporting organisational change and transformation.

2. Purpose of report

- 2.1 To provide Audit Committee with assurance over the effectiveness of the Council's arrangements to prevent, detect and deter fraud and error activity during the first half of the financial year 1 April 2026 to 30 September 2026.
- 2.2 The report is intended to support members in obtaining assurance the Council has robust processes in place to prevent, detect and deter fraud and error.

3. Background and Counter-Fraud Framework

- 3.1 Fraud and error present significant and evolving risks to the Council. It is persistent, diverse, quickly changing and complex.
- 3.2 Recent estimates suggest that fraud and error against the public sector may amount to between £55 billion and £81 billion annually, with approximately £41 billion thought to be undetected. This highlights the greatest fraud risks are often those that remain hidden and highlights the importance of maintaining robust arrangements to actively seek out fraud and error, rather than solely rely on cases that are reported.
- 3.3 The reporting period has seen the Government citing its intention to transfer the Public Sector Fraud Authority (including the National Fraud Initiative) from the Cabinet Office to the Department of Works and Pensions with continued sponsorship from HM Treasury. The DWP holds some of the largest and most valuable datasets that are and could be used in fraud prevention.
- 3.4 For The Council, the current legislative and regulatory frameworks continue to reinforce the need for clear corporate accountability for counter fraud activity, effective use of data, intelligence and analytics, and robust action to prevent, detect, investigate and recover losses of public funds. There is an increasing expectation that Councils can demonstrate proportionate risk –based and resilient counter fraud arrangements that are aligned with recognised good practice, relevant statutory guidance and the principles set out in [Fighting Fraud and Corruption Locally](#). This includes evidencing effective governance, strong internal controls, partnership working, and a proactive approach to emerging fraud risks and threats.
- 3.5 The Council needs to ensure that counter fraud activity is integrated across services, rather than reliant on isolated investigations, and that learning from exercises such as the National Fraud Initiative is used to strengthen controls and reduce future risk. While detailed secondary legislation and guidance will determine specific duties, the [Fraud, Error and Recovery Act 2025](#) signals a shift toward higher standards of consistency, accountability, and evidence of effectiveness across the government sector.
- 3.6 The Council continues to operate within a changing organisational environment shaped by transformation activity and continuing developments relating to Local Government Reorganisation (LGR). While the future structure of local government continue to evolve, periods of organisational change can increase exposure to fraud, error and governance risks as services adapt to new ways of working, systems and operating models. The Counter Fraud Team therefore has an important role to play in supporting services to maintain effective controls, promote data quality and provide assurance that fraud risks remain appropriately managed throughout this period of change and beyond.
- 3.7 Councils continue to receive and administer significant funding streams that are often publicised through government announcements, local authority communications and targeted promotional campaigns. Within Torbay, funding associated with regeneration, transformation, community initiatives and wider service delivery priorities can present opportunities for both fraud and error. While publicity is essential to ensure eligible recipients are aware of available support, it can inadvertently increase the risk of speculative, duplicate or false applications. Effective counter fraud controls are therefore essential to protect public funds, support compliance with funding conditions and provide assurance that resources are directed to their intended purpose. This becomes particularly

important during periods of organisational change and transformation, when new funding opportunities and delivery arrangements may emerge.

- 3.8 Torbay's [Counter-Fraud, Error, Bribery and Corruption Policy](#) establishes the standards and expectations applicable to all staff and elected members and supports the promotion of a strong antifraud culture across the organisation.
- 3.9 Fraud is recognised by Torbay Council with a risk owned by the Strategic Leadership Team with a focus on the prevention and detection of fraud (Risk CP59).
- 3.10 The Counter Fraud Team deliver a service across the Council which aims to prevent, detect and deter fraud, error and criminality related to fraud.
- 3.11 Through this activity, financial losses are prevented, income protected and inappropriate payments identified or recovered. As fraud is often hidden, effective counter-fraud arrangements require organisations not only to investigate reported concerns but to also proactively identify fraud risks and irregularities before losses escalate. We must continue to fundamentally shift our perspective and recognise that finding fraud itself is a success!
- 3.12 Fraud remains one of the most significant risks facing the public sector. Increasing digitalisation, evolving cyber-enabled fraud methodologies, identity fraud and insider threats continue to present challenges for public bodies. These risks reinforce the importance of maintaining effective preventative controls, intelligence sharing arrangements and proactive counter fraud activity.

4. Governance – Govern & Acknowledge (First line of defence)

4.1 The Audit Committee provides oversight of the Council's counter-fraud arrangements. Governance responsibilities are clearly defined:

- **Senior Responsible Officer:** Director of Finance & S151 Officer
- **Operational Lead:** Assurance Manager - Counter Fraud and Error (DAP)
Oversight of the National Fraud Initiative (NFI), proactive reviews, investigations and reporting

4.2 Effective governance of fraud is established through the operation of a Counter Fraud, Error, Bribery and Corruption Policy, which sets out clear standards, roles, and expectations and provides a formal framework for preventing, detecting, and responding to fraud across the organisation.

4.3 The Council receives formal counter fraud updates through reports presented to the Audit Committee, providing members with oversight of fraud risks, activity, and outcomes; these updates are provided on a regular basis to support assurance and governance responsibilities.

4.4 A counter fraud year-end report was presented to Audit Committee in May 2026.

5. Prevention – Prevent & Protect (second Line of Defence)

- 5.1 Deploying a dedicated counter fraud team is invaluable, representing a clear invest-to-save approach, as the presence of specialist expertise deters fraud, strengthens controls, and provides assurance over the protection of public funds, even where financial benefits cannot always be precisely quantified.
- 5.2 Preventative activity focused on, strengthening awareness, improving organisational resilience and reducing opportunities for fraud to occur. While the financial value of prevention cannot always be quantified, this work provides assurance through reduced risk exposure, stronger controls and improved organisational capability.
- 5.3 The service continues to utilise intelligence obtained through the National Anti-Fraud Network (NAFN) to strengthen preventative activity. During the reporting period, fraud alerts and intelligence updates were provided across the relevant Council services and partners, enabling emerging threats to be identified and mitigated at an early stage. Intelligence shared included reports relating to attempted payment diversion frauds, impersonation scams and fraudulent approaches targeting public sector organisations. This collaborative approach supports the Council's ability to respond quickly to emerging fraud risks and reduce potential financial exposure.
- 5.4 During the reporting period, DAP became aware of an attempted fraud against one of its partner organisations, involving a telephone call from an individual fraudulently claiming to represent the organisations banking provider. Intelligence relating to the methodology used was collated and shared across partner organisations to raise awareness of the threat and support the implementation of preventative measures, thereby reducing the risk of the similar attack succeeding elsewhere within the organisation.
- 5.5 Development of a fraud risk register remains a key priority. Working alongside the established risk team, activity has continued to identify and assess fraud risks across services to ensure that counter-fraud resources, controls and mitigation activity remain proportionate to the Council's operating environment and risk profile.
- 5.6 Torbay Council's employees are the strongest defence against fraud. While systems and controls play an important role, it is often informed and vigilant employees who identify suspicious activity, challenge unusual behaviour, and prevent fraud from occurring. By equipping staff with the knowledge and confidence to recognise fraud risks and warning signs, organisations strengthen their ability to prevent, detect, and respond to fraud effectively. Raising awareness helps create a culture where everyone understands their role in protecting public funds and maintaining trust.
- 5.7 When new colleagues join the Council, as part of the onboarding process, they are invited to fraud awareness sessions where they meet members of the fraud team and fraud risks and how to report fraud is discussed. During this session, colleagues are also provided with awareness of the need to declare potential conflicts of interest. They are also provided with awareness of the whistleblowing policy and the kind of concerns the policy covers.
- 5.8 The Council has a mandatory online fraud awareness course where all colleagues are required to undertake the training every 18 months with a compliance rate of 65%. Human Resources advise they are in the process of building a dashboard for directors which will

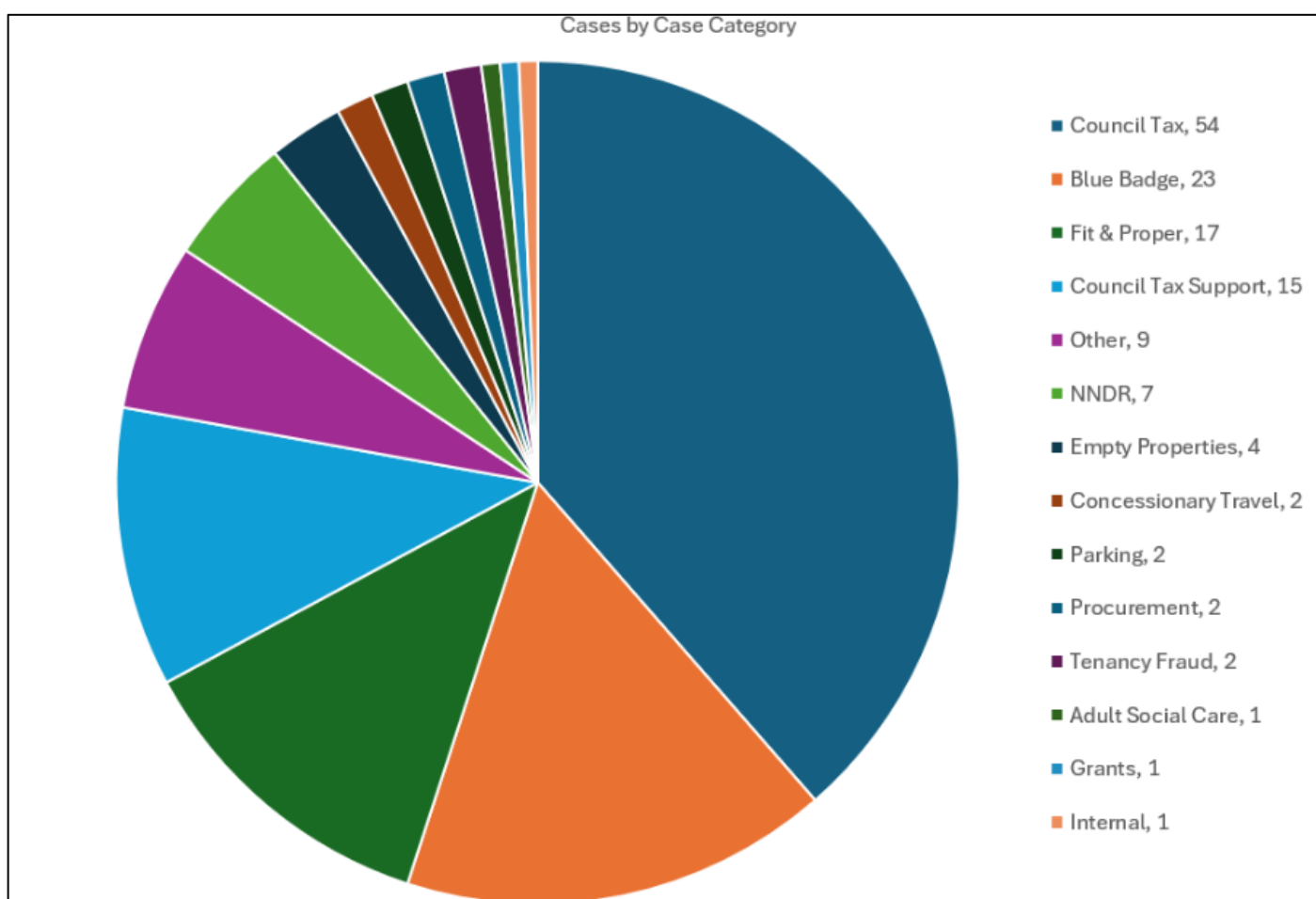
include mandatory course completion rates which will provide visibility. The dashboard will provide data on service areas where compliance requires improvement, and proactive measures will be implemented to ensure compliance is improved

- 5.9 Whilst the current compliance position provides a foundation for awareness, increasing completion rates remains important to ensuring that all colleagues understand their responsibilities in protecting public funds and reporting suspected fraud.
- 5.10 Continued investment in data matching capability forms part of the Council's preventative control environment. By analysing data across systems and services, opportunities can be identified to improve data quality, highlight anomalies and strengthen assurance over the accuracy of records. This capability is also expected to support future organisational integration and service transformation activity by promoting consistency and reliability of information held across the organisation.
- 5.11 Undertaking this work on an ongoing basis, reduces the risk of embedding errors, inefficiencies or control weaknesses within any systems, while strengthening resilience to fraud. Realising the full benefits of this approach requires engagement and collaboration from any department within the Council or perhaps other local authorities where boundaries may or may not change as part of future unitary arrangements.
- 5.12 During this period there has been a further roll out of the antifraud tool LoCTA amongst the Crisis Resilience Funding Team. This is an area which has been targeted by fraudsters. Although the payments provided to individuals are low value, when a fraud of this nature targets multiple LA's it can amount to a sizeable figure received.

6. Detection – Acknowledge (Third Line of Defence)

- 6.1 Detection activity focuses on identifying fraud, error and irregularity through referrals, intelligence, data matching and proactive review work. A risk-based approach continues to ensure resources are directed towards matters presenting the greatest potential financial, service or reputational impact.
- 6.2 The Counter fraud teams work is varied and covers a wide programme of reactive and proactive investigations. The diagram below demonstrates the diverse nature of the 140 reports received in this period and the types covered.

6.3 Summary Visual Chart



- 6.4 We have a young case management system. Therefore, where we don't have a case category that fits the type of allegation received within the case management system, it is categorised as other. If we find we have several cases that have fallen into this category that are similar by nature, we will add further categories for future use.

- 6.5 During the reporting period, the team continued to develop and expand its internal data-matching capability, enhancing the Council's ability to identify fraud, error and data quality issues. As a result 651 records across Council Tax, Housing Waiting List, Blue Badge and Parking Services have been identified for analysis. The exercise identifies anomalies requiring review, resulting in data corrections, service improvements and, where necessary, the commencement of fraud investigations or recovery of funds.
- 6.6 This reporting period has seen the provision of 27 alerts from the National Anti-Fraud Network (NAFN) where the perpetrators have targeted more than one Local Authority and is excluded from elsewhere in this report, including 6.2 and diagram 6.3.
- 6.7 The National fraud Initiative (NFI) is a mandatory biennial data matching exercise designed to assist public sector bodies in the detection and prevention of fraud and error. Within Torbay Council, Fraud and Error, who oversees data submission, review of matches, coordination of investigations and reporting of outcomes, ensuring appropriate governance, compliance and assurance throughout the exercise.
- 6.8 At the previous review, a positive completion rate for 2024/25 NFI exercise was reported against a backdrop of significant organisational change for the Fraud Team.
- 6.9 The NFI 2025/26 exercise, a smaller exercise undertaken between the larger biennial NFI matches, remains ongoing. Work has not yet progressed to customer engagement. Efforts to identify an effective method of filtering out false positive matches generated by the NFI is in progress. Alongside this, work has focused on integrating the NFI outputs with Council-held data sources to reduce the significant manual effort previously required to review and manage results. Once established, this approach will support a targeted bulk challenge exercise of Single Person Discount claims. Activity during this reporting period has therefore focused on developing these arrangements. Once testing is complete, the review and customer contact work will commence and complete during the second half of the financial year.
- 6.10 The Council is well prepared for the 2026/27 National Fraud Initiative (NFI) exercise, with effective governance, oversight and delivery arrangements in place to ensure compliance with all programme requirements and timescales.

6.11 Council Tax

Single Person Discount (SPD) review During 2025/26, Datatank, the Council's selected supplier for its Single Person Discount review programme, delivered a successful exercise that identified fraud and error within the Council Tax caseload. As a result, the Council exercised the contract extension option included within the original procurement, enabling a further targeted review to be undertaken. Like the previous review, this year's exercise will also include households in receipt of Council Tax Reduction. The results from this review

will be reported to committee in an end of project report.

Empty Homes Premium Avoidance as mentioned in last year's report, The Council introduced premiums for long-term empty properties, introducing an associated fraud risk. While the Council tax team remains vigilant to indicators of potential premium avoidance, it is unlikely that all cases will be identified through routine administration alone. To strengthen controls in this area, Data-Tank will include empty homes premium avoidance checks within the screening process for the current SPD review exercise. This proactive approach seeks to identify properties that may be incorrectly recorded as occupied, enabling targeted follow-up and helping to ensure the correct Council Tax charge is applied. It is anticipated this will also be reported to committee in an end of project report.

Second home premium avoidance akin to the empty home's premium avoidance, Data-tank will include second home premium avoidance in the screening process.

Unregistered properties the Fraud team identified properties which were otherwise unregistered for council tax purposes. Until these are reviewed by the Valuation Office Agency and assigned a council tax band, Torbay is unable to bill for the properties.

6.12 **Undervalued or Unrated Business premises** continues to be an area of financial risk. However, due to the work undertaken internally by the counter fraud and business rates teams and through the external provider, the current risk is reduced evidenced through a decrease in the instances identified.

6.13 **Un-notified change of business owner** please refer to exempt Appendix 3 for further details.

6.14 **Housing waiting list.** Housing waiting lists are at an all-time high, alongside the costs of temporary accommodation. Therefore, it is imperative /Torbay Council ensures those on the housing waiting list have a legitimate need for housing. The Council is now using its data matching capabilities to identify anomalies within the housing waiting list, identifying when a person may have made an application based upon false information OR failed to update their application with current information.

6.15 **Blue badge fraud:** targeted blue badge reviews continued during the reporting period, supported by enhance data matching techniques. These exercises identified a number of records requiring further examination and provided assurance over the integrity of the scheme. In addition to detecting potential misuse, the work has supported improvements in data quality and informed the development of future matching exercises aimed at strengthening preventative controls.

6.16 **Parking permit fraud** – please refer to exempt Appendix 3

6.17 **Corporate card misuse** The Council issues corporate credit cards to support legitimate

expenditure where purchases cannot be made through standard expenses or procurement processes. During the reporting period, a referral was received regarding potential misuse of a council purchase card. Review of the circumstances around the card use did not identify fraud.

7. Pursue – Redress (Fourth Line of Defence)

- 7.1 Torbay Council has been victim of 0 incidents associated with the fraud types highlighted by a National Anti-Fraud network (NAFN) alert.
- 7.2 Investigations were undertaken throughout the period, including compliance interviews, referrals to the DWP and escalation of cases to Finance Ethics and Probity Group where appropriate.
- 7.3 Investigations have taken place throughout the period to identify fraud and error. The benefits received are detailed below. The figures shown for council tax are based on total liability, although the benefit is split between Torbay Council, Devon and Cornwall Police and Devon and Somerset Fire and Rescue Service.
- 7.4 The reporting period has seen 23 reports of Blue Badge fraud. It should be noted that a single case may involve more than one action or outcome (for example, a Blue Badge holder may have been issued with a misuse letter while the matter was also referred to another organisation for consideration), and therefore the figures below should not be interpreted as mutually exclusive.
- 7.5 These reports have resulted in 9 cases being referred to the issuing Local Authority, another department or another organisation, including the Department for Work and Pensions, where The Council does not have the jurisdiction to investigate or where benefit entitlement concerns were identified.
- 7.6 9 Blue Badge holders were issued with a reminder of the rules and regulations pertaining to Blue Badge use. 0 cases were identified where the allegation was unfounded or lacked sufficient information to substantiate the concern, and 2 cases were assessed as having no grounds to pursue the allegation further.
- 7.7 **Money laundering** There was no suspicious activity requiring a report to the National Crime Agency during the reporting period. This provides assurance that the Council's anti-money laundering controls remain effective, noting that assurance is based on identified activity and does not eliminate all risk.
- 7.8 We continue to monitor the Financial Systems Management to provide assurance, Torbay Council does not make any payments to bank accounts known to be linked to fraudulent activity.
- 7.9 DAP has continued the training and development of a new Counter Fraud Officer as part of its ongoing commitment to strengthening investigative capacity. Training continues to progress well, with the officer continuing to develop the knowledge, skills and practical experience required to undertake investigations independently. Subject to continued progress, it is anticipated that the officer will be able to take ownership of investigative

casework during Quarter 3 of the current financial year.

7.10 Triage The initial assessment process reviews allegations to establish credibility, risk and potential impact, ensuring resources are directed to the highest-priority matters. Outcomes may include progression to investigation, referral to an alternative responsible body, or closure where insufficient information is available. The following table provides a summary of activity during the first six months of the year, including both incoming referrals and cases outstanding at the start of the reporting period.

7.11

Financial year	Cases Awaiting Review	Number of completed cases	Cases Being Reviewed
2023/24	1	11	21
2024/25	0	18	5
2025/26	1	28	25
2026/27	3	85	16

7.12 Investigations: The current position: The figures shown for 2025/26 relate solely to cases that were carried forward into 2026/27; they exclude cases completed within the 2025/26 financial year.

Financial year	Cases Awaiting Review	Completed investigations	Cases Under Investigation
2023/24	9	2	6
2024/25	14	1	3
2025/26	18	1	3
2026/27	4	1	4

7.13 Partnership Working: The team conducts investigations in partnership with the DWP where appropriate. Sending invitations to the DWP and receiving invitations from the DWP. Only fully accredited investigators can undertake this work.

7.14

Financial year	Under Investigation	Cases Closed	Cases Prosecuted
2023/24	6	1	0
2024/25	10	1	1
2025/26	17	2	0
2026/27	8	1	0

7.15 During this reporting period cases have progress to the stage of interview under caution. Following these interviews, redeterminations are made by the relevant departments. If a redetermination results in the identification of an overpayment, cases are prepared and submission made to the Crown Prosecution Service for consideration of legal action and 1 case has been prosecuted, where the defendant entered a guilty plea. This resulted in a suspended sentence.

7.16 The investigations completed during this reporting period have resulted in the identification of the financial impacts shown below. These figures reflect the value of overpayments, recoveries and other quantifiable outcomes directly attributable to fraud and error investigations.

7.17

Council Tax	£34,255.08
Business Rates	£38,678.89
Devon Home Choice	£3,240.00

7.18 The team provides information to the DWP to support its own investigations into Housing Benefit and Universal Credit related frauds.

7.19

	Requests received	Requests completed
2026/2027	10	10

7.20 Where it is suspected a person is in receipt of Housing Benefit is committing fraud, a referral is made to the DWP. This reporting period has seen 15 referrals.

7.21 A part of the redress toolbox, is the option of compliance. This is a structured meeting conducted to assess whether an individual is adhering to relevant laws, regulations or policies or contractual obligations. In the context of local government, it typically involves gathering information and investigating potential fraud. The interview is carried out by a trained officer and may include reviewing documentation, asking targeted questions and recording responses for further analysis or enforcement action.

7.22

	Awaiting/Under Investigation	Compliance Interviews Undertaken	Compliance Resulting in Cashable Savings
2023/24	27	0	£0
2024/25	18	0	£0
2025/26	30	0	£0
2026/27	13	0	£0

7.23 **Data Matching** Data matching is the process of comparing information from different datasets to identify inconsistencies, anomalies, duplicate records, or links between records that may indicate fraud, error, or other irregularities. Within fraud teams, data matching is used as a proactive intelligence and risk management tool, enabling large volumes of data to be analysed efficiently to highlight cases that warrant further review. By identifying patterns that would not be apparent through manual checks alone, data matching supports the prevention, detection and investigation of fraud, while also helping to improve data quality, strengthen internal controls, and ensure that public funds and services are used appropriately

7.24 The table below summarises the outcomes of data-matching activity undertaken during the reporting period. Each exercise involved matching complete datasets from separate service areas to identify potential anomalies requiring review. The **Total Matches Identified** figures represent the number of potential matches generated through these comparisons.

The **Current Status** section shows the progress of those matches following review, including cases awaiting review, live enquiries, cases awaiting a result, cases closed with no further action required, and those referred for formal investigation. The **Outcomes Identified** section records the measurable outcomes arising from completed reviews, including amendments to Council Tax and Council Tax Support (CTS) awards and the cancellation of badges, passes, permits, or applications where entitlement could not be confirmed.

7.25 The figures therefore demonstrate both the volume of potential anomalies identified through data matching and the outcomes achieved from reviewing those matches.

7.26 The **Council Tax versus Permits** and **Council Tax versus Blue Badge** exercises are newly introduced data-matching activities for the current reporting year. Whilst the matching process has been completed and potential matches have been identified; review work has not yet commenced and therefore all identified matches currently remain awaiting review. These exercises will be progressed

as resources allow, and any resulting outcomes, financial impacts, or corrective actions will be reported within the end-of-year report.

7.27 (n.b. we cannot currently report on the number of records where data has been corrected, we are looking to rectify this for future reports).

Measure	Ctax v Housing Waiting List	Ctax v Bus Passes	Ctax v Permits	Ctax v Blue Badge
TOTAL MATCHES IDENTIFIED	101	191	246	113
Current Status				
Awaiting Review	0	0	246	113
Live	3	0	0	0
Awaiting Result	11	9	0	0
Closed	86	182	0	0
Sent to Investigation	1	0	0	0
Outcomes identified				
Council Tax	£14,072.32	£0	£0	£0
Council Tax Support (CTS)	£575.12	£0	£0	£0
Badge/Pass/Application Cancelled	1	14	0	0

8. Review and Continuous Improvement (Fifth Line of Defence)

- 8.1 Learning from investigations will be used to strengthen controls and reduce recurrence or earlier detection.
- 8.2 The West of England Fraud Officers meet on a regular basis to share intelligence, discuss emerging fraud trends, emerging risks, and operational challenges, and reflect on learning from recent cases and investigations. The group is chaired by DAPs Assurance manager, Counter Fraud and Error providing structured leadership and ensuring that discussions are focused on practical outcomes and shared priorities. Insights from these discussions are fed back into the wider counter-fraud team to strengthen preventative activity and support continuous improvement. This collaborative approach supports Devons continued alignment with regional best practice, promotes innovation, and ensures that the team remains responsive to evolving and increasingly complex fraud risk landscape.
- 8.3 During this reporting period, the Counter Fraud Team's available capacity has been primarily focused on enhancing its in-house data-matching capabilities, reducing the backlog of investigations, and preparing for the forthcoming NFI exercise. As a result, progress on a number of planned proactive initiatives has been limited, although development work undertaken previously provides a strong foundation for future activity.
- 8.4 Emerging intelligence continues to highlight the growing risk associated with polygamous working fraud across the public sector. Preliminary work identified opportunities to use data and intelligence-led techniques to highlight potential indicators of this risk. Further development and testing of this approach is expected to take place during the remainder of this financial year.
- 8.5 Procurement fraud remains a recognised low-volume, high-value fraud risk. Initial work has been undertaken to explore methods of identifying procurement activity that may have occurred outside approved policies and procedures. While still at an early stage of development, this work is intended to support improved compliance, reduce fraud and error risks, and strengthen value-for-money assurance. Subject to available resources, further development is anticipated during the second half of the financial year.
- 8.6 We received an approach by a manager concerned with the process in place when issuing staff identification cards. On review of the process, recommendations were made and accepted by the manager to strengthen the existing process.
- 8.7 Looking ahead, the team is also considering several innovative, intelligence-led initiatives designed to identify fraud, error, and opportunities for financial savings. Subject to capacity and competing priorities, proposals will be developed during the latter part of the financial year with the aim of further strengthening the Council's approach to counter fraud and enhancing outcomes for the authority and its partners.
- 8.8 **Blue badge fraud:** Building upon existing Blue Badge assurance work, the Council is exploring additional data matching opportunities to strengthen oversight, improve data quality and identify potential misuse at an earlier stage. This development complements existing controls and supports wider regional collaboration through DAP and the National Fraud Initiative.
- 8.9 Given the level of public scrutiny and the importance of ensuring Blue Badge concessions remain available to those with genuine entitlement to them, the Council is seeking to enhance assurance in this area through the development of local data matching capabilities. The development is being undertaken collaboratively with DAP partners and is intended to

strengthen existing controls, minimise opportunities for misuse and support the Blue Badge teams in maintaining accurate and up-to-date records.

8.10 However, the Council is not provided with sufficient data from other government agencies to proactively verify all aspects of an applicant's ongoing eligibility against the Blue Badge qualifying criteria. As a result, it remains reliant on information received from members of the public, partner organisations, and other intelligence sources where concerns arise regarding an individual's entitlement. Public reporting therefore continues to represent a principal element of the Council's overall approach to safeguarding the integrity of the scheme, alongside the continued development of data matching and analytical capabilities. Nonetheless, we have made a recommendation to the NFI their work in this area is broadened to identify where an individual has not informed the BB team of a change in their mobility circumstances. DAP, on behalf of its partners have requested inclusion in a pilot should they choose to mobilise the recommendation.

8.11 **Corporate Credit Cards** Following review of the reported misuse of a company credit card, the expenses policy has been updated and all colleagues were advised of the update advising the change to clarify the use of Purchase cards and petty cash, the audits that will take place of card use, and the managers sign off responsibility. We have recommended the implementation of a terms of use contract when the cards are issued to individuals and a reporting regime to identify if a card has been used while an individual is on annual leave, to identify potential misuse. Review of the allegation did not identify fraud; however, examination of the arrangements surrounding the issue and use of corporate cards identified a weakness in the existing control framework. To strengthen oversight and support the detection of potential misuse, it was recommended that the Council introduce an automated monitoring process comparing card usage against periods of employee absence from the workplace, helping to identify transactions that may fall outside the Council's corporate card policy.

8.12 **Social housing fraud** with the number of people on the housing waiting list with a legitimate housing need, temporary accommodation costs rising, the Council is seeking to work with social housing providers to use data-matching capabilities. We are working to set up the appropriate background agreements to ensure data sharing is compliant with the data protection regulations. Once all the governance is in place, we will work to provide proof of concept with one housing association. Once this initial exercise is complete, we will seek to extend this work with other housing associations, providing assurance that existing arrangements are reducing the level of exposure.

8.13 During the process of development of the corporate fraud risk register, although not a fraud risk, we identified the potential for the Council to receive penalty for late payments. The risk occurring due to procured company transfer of their business and although notifying the contract owner, the contract owner unaware of the requirement to request creation of a new supplier. When procurement is advised of a change of this nature, they will now notify the payments team who will support the contract owner to make all necessary amendments.

8.14 We received feedback following fraud awareness training suggesting an alert is placed on the home screen of the Financial Information Management system reminding users of the need to stay alert to the risk of fraud and to take a moment to consider if any activity observed could indicate fraud, misuse of funds and if in doubt to make a report to the counter fraud team. This update has been made.

Appendix

- **Fighting Fraud and Corruption Locally**
- **Counter Fraud, Error, Bribery and Corruption Policy**

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

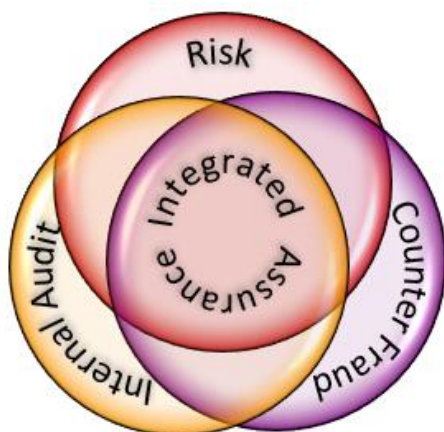
The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at joanne.mccormick@devon.gov.uk

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

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

Our Vision

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



Operational delivery

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

Our Goals

