

# Counter Fraud Arrangements

Ceredigion County Council

February 2026



# About us

---

We have prepared this report under the duties contained within Section 17 of the Public Audit (Wales) Act 2004.

## © Auditor General for Wales 2026

You may re-use this publication (not including logos except as an integral part of the document) free of charge in any format or medium.

If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright, and you must give the title of this publication. Where we have identified any third-party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

## If you need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at [info@audit.wales](mailto:info@audit.wales)

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

# Contents

---

Audit snapshot	4
Our findings	6
Recommendations	10
Appendices	12
1 About our work	13

# Audit snapshot

---

## What we looked at

- 1 In 2020, the Auditor General for Wales in his report, [Raising Our Game: Tackling Fraud in Wales](#), made 15 recommendations to improve the way the Welsh public sector tackles fraud. In this review, we looked at the Council's arrangements to prevent and detect fraud, considering those previous recommendations. The audit looked at:
  - leadership and culture;
  - risk management and control;
  - policies and training;
  - capacity and expertise;
  - tools and data;
  - collaboration; and
  - governance.

## Why this is important

- 2 The risk of fraud is an increasingly common threat to almost every part of day-to-day living. The risk of fraud is prevalent across all aspects of the public sector. The National Audit Office in its 2024 report [Overview of the impact of fraud and error on public funds](#) highlights the Public Sector Fraud Authority's (PSFA) estimate that fraud and error cost the UK taxpayer £55 billion to £81 billion in 2023-24. This suggests that losses through fraud could be significant for all councils.
- 3 Strong counter fraud arrangements help the Council protect its funds and maintain public confidence in its management of resources. It also helps to demonstrate the Council is accountable and trustworthy.

## What we have found

- 4 The Council is clear on its zero tolerance to fraud. Officer responsibilities to steer and deliver on counter fraud activities are clearly set out. All staff must complete fraud awareness training. However, there are gaps within current arrangements. These include the absence of a comprehensive fraud risk assessment and a counter fraud delivery plan. There are also opportunities for the Council to further strengthen its pre-employment checks, intelligence sharing and how detected fraud is publicised.

## What we recommend

- 5 We have made five recommendations for improvement. These include:
  - strengthening the Council's process for developing its Fraud Risk Register and developing a counter fraud action plan to respond to the risks identified;
  - the involvement of counter fraud specialists when the Council introduces new policies or changes systems;
  - reviewing pre-employment processes to assure itself that there is sufficient and proportionate consideration of counter fraud in its recruitment process;
  - clearly setting out the Council's approach for publicising cases of proven fraud; and
  - developing an action plan of preventative counter fraud work.

# Our findings

---

## Leadership and culture

- 6 Senior leaders emphasise the Council's zero-tolerance approach to fraud. This commitment is set out in its Counter Fraud Strategy and Protocol, which state that fraud will not be tolerated. At the time of our fieldwork, this was under review.
- 7 Leadership roles for counter fraud are clearly defined. The Section 151 Officer holds strategic responsibility for counter fraud, while the Chief Internal Auditor leads operational delivery. This structure demonstrates that fraud prevention is a priority for the Council and is supported corporately.

## Risk management and control framework

- 8 The Council produces a Fraud Risk Register as its assessment of fraud risk. The register is informed by known fraud risks, including housing benefit, cyber and procurement fraud. Risk assessments also draw upon counter fraud intelligence shared by national organisations.
- 9 However, we found opportunities to strengthen the scope of the Council's Fraud Risk Register. The Council surveyed its managers across all service areas to help inform its Fraud Risk Register. Despite some initial engagement with counter fraud specialists, only around half of the service area managers completed the survey. It is important for the Council to assess fraud risk across all service areas, to inform counter fraud work. The incomplete engagement by service area managers risks limiting how comprehensively the risk of fraud is assessed throughout the organisation. It could also mean that potential fraud risks are not identified and mitigated within the counter fraud work plan.

## Policies and training

- 10 The Council promotes fraud awareness through training, but gaps in fraud-proofing of new policies, recruitment checks and fraud publicity may limit the overall effectiveness of counter fraud arrangements.
- 11 The Council has mandatory counter fraud training for all staff every three years and provides fraud awareness training for new staff. This training is also available to councillors. Completion rates are monitored (81% compliance at time of our fieldwork). The content of courses is regularly updated. Governance and Audit Committee (GAC) has also recently completed training to raise awareness of the Council's counter fraud work and their role within it. The Council's approach to training serves to reinforce confidence in its zero tolerance to fraud and helps keeps staff and councillors alert to fraud risks.
- 12 The Council does not have systematic arrangements to ensure that Internal Audit is always engaged to assess new projects and policies for potential fraud risks. Internal Audit try to ensure that they are aware of new initiatives and policies to provide advice and assurance, but it is not always guaranteed that they will be involved or consulted. Without this involvement, the risk of fraud vulnerabilities in new projects and policies may not be fully considered or identified.
- 13 Before allowing new employees to begin work, the Council completes a series of pre-employment checks, set out within its Safe Recruitment Policy. However, these pre-employment checks do not have a specific counter fraud focus. Also, the Council has not evaluated all posts and roles to identify those with greater fraud risk. Extending its pre-employment checks could further strengthen the Council's preventative counter fraud arrangements.
- 14 The Council publicises cases of detected fraud that lead to criminal conviction. However, it has not set out its approach to publicising cases of other proven fraud. The absence of an agreed approach combined with the understandable caution of senior officers to publicise details of fraud cases, can limit deterrence and public awareness of the Council's success in detecting fraud.

## Capacity and expertise

- 15 The Council has expertise and capacity to investigate fraud. For example, it has designated counter fraud roles and has trained internal investigators. The Council has also bought in further fraud specialist capacity when necessary.
- 16 Despite its capacity to respond to fraud, we found opportunities to strengthen the Council's focus on prevention. The Council does not have a dedicated and resourced annual counter fraud action plan for preventative works that responds to fraud risk. Instead, counter fraud activity is included within the broader Annual Internal Audit Plan. There is no clear link between fraud risks identified in the Fraud Risk Register and mitigating actions in the Internal Audit Plan. Without a specific counter fraud plan that details the necessary resources and delivery timetable, the Council cannot be assured that counter fraud preventative works will be completed.
- 17 The Council has a record of follow-up actions to detected fraud. Senior officers meet regularly to reflect on and learn from the Council's counter fraud work. This approach supports learning and identifies resourcing needs. However, we found opportunities for the Council to improve the consistency of its post-fraud event evaluations. This can help to strengthen assurance and capture opportunities for improvement.

## Tools, data and collaboration

- 18 The Council uses data matching tools and participates in the National Fraud Initiative (NFI) to detect fraud and error. The NFI is a UK-wide data matching exercise run by the Cabinet Office that collates information from councils and other public bodies to identify inconsistencies that may indicate fraud. The NFI is important because it helps the Council recover and prevent loss by identifying fraudulent claims and payments. This work protects public funds, strengthens trust in public services and helps ensure fairness across the public sector.

- 19 When opportunities arise, the Council shares fraud intelligence and data with other organisations and works with national and regional partnerships, including the Society For Innovation Technology and Modernisation (SOCITM) and the National Cyber Security Centre (NCSC). The Council could strengthen its approach by agreeing and setting out its arrangements for collaboration and sharing intelligence with external bodies.
- 20 The Council does not have a consistent approach for estimating fraud losses. Setting out its arrangements for collaboration, sharing intelligence and estimating fraud losses can help to consistently improve the effectiveness of benchmarking, sharing insights and collaboration with others.

## Governance

- 21 Governance and Audit Committee (GAC) receives regular updates on counter fraud work. For example, it receives quarterly Internal Audit (IA) updates and an Annual Internal Audit Report. This includes updates on counter fraud caseloads.
- 22 However, we found a lack of specific counter fraud objectives. Whilst Internal Audit sets performance targets for its annual work programme within the business plan, it does not include specific objectives or targets for counter fraud activities. Without a specific counter fraud plan for preventative work, or arrangements to report progress on delivery, it is unclear how the GAC can review how effective the Council's counter fraud arrangements are. This highlights a missed opportunity for the GAC to further promote the Council's zero-tolerance stance on fraud.

# Recommendations

---

**R1** To make the Fraud Risk Register more comprehensive, the Council should strengthen the process for developing it by ensuring that there is full engagement in the process by all service areas (**paragraph 9**).

**R2** The Council's service areas should be required to engage with the Council's counter fraud specialists when introducing or changing policies and systems to ensure fraud risk is assessed and addressed (**paragraph 12**).

**R3** The Council should review pre-employment checks to assure itself that there is sufficient and proportionate consideration of counter fraud in its recruitment process (**paragraph 13**).

**R4** The Council should strengthen arrangements to maximise the deterrence of fraud by clearly setting out the Council's approach for publicising cases of proven fraud (**paragraph 14**).

**R5** The Council should develop a specific counter fraud action plan for preventative works that sets priorities, responsibilities, and the resource needed to respond to the risks in its Fraud Risk Register (**paragraph 16**).

# Appendices

---

# 1 About our work

---

## Scope of the audit

We audited the Council's counter fraud arrangements. This included examining policies, procedures and operational practices.

The fieldwork took place during August and September 2025.

## Audit questions and criteria

### Questions

The questions covered key areas including:

- leadership and culture;
- risk management and control framework;
- policies and training;
- capacity and expertise;
- tools and data;
- collaboration; and
- governance.

### Criteria

We based our assessment on recognised standards and statutory guidance, including:

- recommendations within the 'Raising our Game' Tackling Fraud in Wales, July 2020 report as a basis for proper counter fraud arrangements;
- previous Audit Wales local reviews into counter fraud; and
- reflecting on the principles within the Audit Wales Counter fraud Arrangements in the Welsh Public Sector report, particularly key components of an effective counter fraud culture.

## Methods

We used two methods to gather evidence:

- **Document review** – We examined internal documents, including the Council's strategy and protocol on counter fraud, policies, guidance, performance reports, and Internal Audit documentation. These helped us understand the Council's governance arrangements, its operations and compliance.
- **Interviews** – We held structured interviews with staff and councillors involved in the oversight and management of counter fraud arrangements, including senior officers. These discussions helped us understand how policies and procedures work in practice.

# About us

---

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.