

Counter Fraud Arrangements

Carmarthenshire County Council

May 2026

About us

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Contents

Audit snapshot	4
Our findings	6
Recommendations	10
Appendices	11
1 About our work	12

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 current audit, we looked at Carmarthenshire County Council's (the Council) 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 has strong foundations for tackling fraud. It sets a clear zero-tolerance stance, has a clearly defined strategy, and uses skilled staff. It has comprehensive arrangements to identify fraud risks, investigate cases, and to underpin how it works with partners. However, the Council has a greater focus on fraud investigations than on planned preventative works. The Council does not always make the most of its counter fraud expertise when new policies or systems are developed. It could also clarify and strengthen its approach to publicising proven fraud cases. Clearer links between fraud risks, prevention work and Governance and Audit Committee (GAC) oversight would also help to strengthen assurance and promote the Council's zero-tolerance stance.

What we recommend

- 5 We have made five recommendations for improvement. These are focused on:
- strengthening arrangements to ensure the involvement of counter fraud specialists when the Council introduces new policies or changes systems;
 - formalising existing arrangements to clearly set out the Council's approach for publicising cases of proven fraud;
 - reviewing pre-employment arrangements to assure itself that there is sufficient and proportionate consideration of counter fraud in its recruitment process;
 - extending its annual Internal Audit Plan to detail preventative work that can respond to the risks identified in its Fraud Risk Assessment; and
 - formalising existing arrangements to learn from fraud events and ensure it maximises the opportunity for improvement.

Our findings

Leadership and culture

- 6 The Council's Anti-Fraud and Corruption Strategy makes a clear statement of zero-tolerance towards fraud. The Corporate Management Team (CMT) emphasises the importance of fraud detection and work carried out by the Fraud Team and Internal Audit. The Head of Revenues and Financial Compliance has overall responsibility for counter fraud.
- 7 This clear corporate position is supported by a range of communication and training for staff to maintain a high profile for fraud work. Fraud is also one of the Council's corporate risks and is considered quarterly by CMT and every six months by the Council's GAC. This structure demonstrates that fraud prevention is a priority for the Council and is supported corporately.

Risk management and control framework

- 8 The Council has appropriate arrangements to identify and assess fraud risks. Its counter fraud team leads on the Council's Fraud Risk Assessment, drawing on local and national intelligence. Service area managers feed into this process, helping to make the assessment comprehensive. It is regularly updated and reported to the GAC every six months. These arrangements help identify potential fraud risks and could propose counter fraud preventative works.
- 9 The Council could further strengthen its arrangements to manage fraud risks by ensuring that Internal Audit is always engaged to assess new projects and policies for potential fraud risks. Without their involvement, the risk of fraud vulnerabilities in new projects and policies may not be fully considered or identified.

Policies and training

- 10 The Council has a comprehensive Anti-Fraud Strategy which outlines its arrangements for identifying, managing and responding to fraud risks. This Strategy is supported by its counter fraud protocol and is joined up with other related strategies.
- 11 The Council has arrangements to identify, respond to, and manage fraud risks. These processes are clearly set out within its Fraud Response Plan. The Council maintains a record of its fraud investigations that includes the investigation process followed and subsequent outcomes. It could further improve this by setting out proportionate assurance in its reporting that it has complied with its Fraud Response Plan when conducting investigations.
- 12 The Council has good arrangements to ensure that staff and councillors receive fraud awareness training as appropriate to their role. It provides compulsory online training to all new starters, and managers are informed when refresher training is required. The Council monitors and reports on the take up of training. Fraud officers also meet with service managers to raise awareness of fraud issues. We also found instances of the Council developing bespoke training in response to specific fraud incidents. It could further strengthen its arrangements in this area by ensuring that those with limited access to e-learning also receive counter fraud training.
- 13 Publicising cases of detected fraud can help to deter fraudsters from committing fraud. However, deciding when and how to do this can be tricky. The Council publicises cases of detected fraud that lead to criminal conviction. It also publicises some detected frauds that have not led to criminal prosecution but are deemed to be in the public interest. It has not set out its approach to publishing cases of other proven fraud. The absence of an agreed approach to publicise details of some fraud cases can limit deterrence and public awareness of the Council's success in detecting fraud.

- 14 The Council does not have a strong enough focus on counter fraud in its arrangements for pre-employment checks. Before allowing new employees to begin work, the Council completes a series of pre-employment checks covering identity verification, right to work documentation and references. However, these arrangements for 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 arrangements for pre-employment checks could further strengthen the Council's preventative counter fraud arrangements.

Capacity and expertise

- 15 The Council is clear on officer responsibilities for counter fraud. It has appropriately qualified officers to undertake counter fraud work. The Council also uses additional specialist support when needed.
- 16 Despite its capacity to respond to fraud, we found opportunities to strengthen the Council's focus on prevention. The Council's Internal Audit Work Plan allocates overall resources for preventative counter fraud works, but this does not provide much detail around planned preventative counter fraud works. Consequently, there is no clear link between fraud risks identified in its Fraud Risk Assessment and mitigating actions in the Internal Audit Plan. Linking fraud risk assessment in the planning of preventative works can help councils to target their resources to have the greatest impact.
- 17 We found examples of the Council learning lessons from fraud activity. For example, fraud cases are recorded on a central database which helps to identify learning. However, through our fieldwork we found that this is not consistently used. This means that the Council might miss opportunities to improve by identifying and sharing learning.

Tools, data and collaboration

- 18 The Council's Anti-Fraud Strategy is clear on its approach to tackling fraud when working with other organisations. The Strategy names the external partners it works with, including other councils and the Welsh Chief Internal Auditors group. The Council also has formal memorandum of understanding agreements with Dyfed Powys Police and the Department of Work and Pensions and has worked with other partners on specific projects.
- 19 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.
- 20 The Council has a clear approach to quantify fraud losses. It uses its fraud database to calculate potential losses from fraud activity. This includes quantifying the outstanding value of debts from Housing Benefit debt recoveries. However, the Council does not use frameworks such as the NFI and the National Audit Office to quantify losses in a consistent manner. By strengthening its arrangements, the Council could improve the effectiveness of benchmarking, sharing insights and collaboration with others.

Governance

- 21 We found opportunities to strengthen the GAC's oversight of the Council's counter fraud arrangements. The GAC receives updates on fraud investigations and outcomes, primarily through the annual fraud report. Reporting is largely retrospective and the information on planned preventative activity and priorities within the internal audit plan is not detailed. This may limit the GAC's ability to be assured that the Council is effectively preventing and responding to fraud risks.

Recommendations

- R1** The Council should strengthen existing arrangements to ensure the involvement of counter fraud staff when the Council introduces or changes policies and systems, to ensure that fraud risk is assessed and addressed (**paragraph 9**).
- R2** The Council should strengthen existing arrangements to maximise the deterrence of fraud by clearly setting out the Council's approach for publicising cases of proven fraud (**paragraph 13**).
- R3** The Council should review its arrangements for pre-employment checks to assure itself that there is sufficient and proportionate consideration of counter fraud in its recruitment process (**paragraph 14**).
- R4** The Council should extend its annual Internal Audit Plan to detail specific preventative works that set priorities, responsibilities and resource needed to respond to the risks in its Fraud Risk Assessment (**paragraph 16**).
- R5** The Council should formalise and embed its existing arrangements to learn from fraud events to ensure that it maximises the opportunities for improvement (**paragraph 17**).

Appendices

1 About our work

Scope of the audit

We reviewed the Council's counter fraud arrangements. This included examining policies, procedures and operational practices. Fieldwork took place during October 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 involved in oversight and management of counter fraud arrangements, including senior officers. These discussions helped us understand how policies and procedures work in practice.

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