Archwilio Cymru
Audit Wales

Counter Fraud Arrangements

Swansea Council

April 2026

About us

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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 Swansea 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 (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 that the Council is accountable and trustworthy.

What we have found

4 The Council is clear on its zero-tolerance of fraud, and on officer responsibilities to steer and deliver on counter fraud activities. 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 to deter others. Positively, we found clear corporate support for tackling fraud. This culture will be important in taking forward the improvements needed to the Council's arrangements.

What we recommend

5 We have made nine recommendations for improvement. These are focused on:

- strengthening the Council's process for developing its Fraud Risk Assessment;
- ensuring counter fraud specialists are involved when the Council introduces new policies or changes systems;
- reviewing and updating its Counter Fraud Strategy;
- strengthening existing arrangements by developing a formal fraud response plan;
- reviewing training for staff and councillors to ensure they are informed of the Council's counter fraud arrangements;
- formalising the Council's approach for publicising cases of proven fraud;
- reviewing arrangements for pre-employment checks to assure itself that there is sufficient and proportionate consideration of counter fraud in its recruitment process;
- extending its Anti-Fraud Plan to include preventative works that respond to the risks in its Fraud Risk Assessment; and
- formalising existing arrangements to learn from fraud events.

Our findings

Leadership and culture

6 The Council has made a clear statement that it does not tolerate fraud. This position is outlined in its Anti-Fraud Strategy and is supported by Cabinet and senior officers. The Council promotes the importance of counter fraud to staff through its intranet and regular staff communications. However, there are opportunities to strengthen the Council's counter fraud arrangements. Senior officers' leadership and corporate support for counter fraud will be important in taking forward the improvements needed to the Council's arrangements.

Risk management and control framework

7 We found opportunities to strengthen the Council's assessment of fraud risk. Every year the Corporate Fraud Team manager completes the Fraud Risk Assessment in collaboration with the Corporate Fraud Investigators. This is reviewed by the Chief Internal Auditor and the Corporate Management Team prior to the Fraud Risk Assessment Checklist being presented to the Governance and Audit Committee (GAC). This focuses on corporate arrangements such as reporting processes and awareness. However, service area managers are not engaged in this process. This could limit how comprehensively the risk of fraud is assessed throughout the organisation.

8 Although the Council's Corporate Fraud Team leads on counter fraud work, there is no arrangement to ensure that the Corporate Fraud Team is always engaged to assess new projects and policies for potential fraud risks. Without formal arrangements to ensure the involvement of counter fraud specialists, the risk of fraud vulnerabilities in new projects and policies may not be fully considered or identified.

Policies and training

9 The Council's Anti-fraud and Corruption Policy sets out its zero-tolerance stance and planned response to fraud. The Policy, which was last updated in 2016, is supported by an annual Anti-Fraud Plan. It is important that the Council reviews and updates its policies to ensure that they are relevant, appropriate and reflect current legislation and the current fraud risks.

10 The Council does not have a formally approved Fraud Response Plan, or equivalent, that clearly sets out its arrangements to identify, respond to, and manage fraud risks. It is important for the Council to formally set out how it intends to respond to allegations of fraud and to give assurance in its reporting that it has complied with its investigation process.

11 The Council provides counter fraud training but its current approach is not effective. The training is not mandatory and uptake is very low – at the time of our review, only 24 members of staff had completed the training module. It is important that staff and councillors are regularly trained on the Council's counter fraud arrangements to help ensure awareness of how to spot and report suspicions of fraud.

12 The Council publicises cases of detected fraud that lead to criminal conviction. The Council also publicises some detected frauds that have not led to criminal prosecution but are in the public interest. However, the Council does not have an agreed process to decide which cases to publicise. The absence of an agreed approach, combined with the understandable caution of senior officers to publicise details of some fraud cases, can limit deterrence and public awareness of the Council's success in detecting fraud.

13 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. These are set out within its Safe Recruitment Policy. The Council has not evaluated all roles within the organisation 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

14 The Council's counter fraud arrangements and resources are clearly set out. Its annual Anti-Fraud Plan is approved by the Council's GAC. The Plan details the investigative work scheduled each year and quantifies the resources made available to carry out anticipated fraud investigatory works.

15 The Council has also clearly set out responsibilities for its counter fraud activities. Responsibility for counter fraud is assigned to the Council's Head of Finance and Internal Audit, supported by a team of appropriately qualified and experienced counter fraud officers. The Council also uses the services of external specialist providers.

16 Overall, however, we found that the Council's efforts are primarily focussed on reactive investigations. It has a limited focus on proactive prevention of fraud. For example, its Anti-Fraud Plan does not include provision or identify resources for planned proactive or preventative counter fraud works. There is no clear link between fraud risks identified in the Fraud Risk Assessment and mitigating actions in the Anti-Fraud Plan. Without a specific plan for preventative works that details the necessary resources and delivery timetable, the Council cannot be assured that counter fraud preventative works will be delivered.

17 We found examples of the Council learning lessons from fraud activity. However, this does not always happen. Without a consistent approach to evaluating instances of fraud, the Council may miss opportunities to improve by identifying and sharing learning.

Tools, data and collaboration

18 The Council adopts a collaborative and data-driven approach to tackling fraud, working with external partners. It has formal data sharing agreements, such as with the Department for Work and Pensions (DWP). The Council also collaborates with a range of other external partners, including South Wales Police, the National Anti-Fraud Network, and the Welsh Chief Internal Auditors group.

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 can help 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.

Governance

20 The Council's GAC maintains an oversight of the Council's counter fraud activity. The GAC is informed of the Council's counter fraud activity through regular reporting. It also contributes to the development of the Council's annual Anti-Fraud Plan. The reporting includes twice yearly updates to GAC on progress against agreed actions and targets in the Anti-Fraud Plan. A review of the Anti-Fraud Plan also provides GAC with the opportunity to review activity and challenge officers on the Council's counter fraud work.

21 However, the lack of a comprehensive fraud risk assessment and a plan for preventative work which responds to identified fraud risks limits the assurance that GAC can take that the Council's arrangements are fully effective. Its oversight will be important as the Council addresses the areas identified in this report to strengthen its counter fraud arrangements.

Recommendations

R1 The Council should strengthen the process for developing its Fraud Risk Assessment, with direct engagement with service areas supported by officers with expertise in counter fraud arrangements (**paragraph 7**).

R2 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 the fraud risk is assessed and addressed (**paragraph 8**).

R3 The Council should review and update its Anti-Fraud Strategy to assure itself that it is up to date and relevant, and communicate this to officers and councillors (**paragraph 9**).

R4 The Council should strengthen existing arrangements by developing a formal Fraud Response Plan, and monitor its delivery to ensure compliance (**paragraph 10**).

R5 The Council should ensure its training provision for staff and councillors allows them to be informed of the Council's counter fraud arrangements, be alert to the risks and understand their responsibilities (**paragraph 11**).

R6 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 12**).

R7 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 13**).

R8 The Council should extend its annual Anti-Fraud Plan to include preventative work that sets priorities, responsibilities, timelines, and resources needed to respond to the risks in its Fraud Risk Assessment (**paragraph 16**).

R9 The Council should formalise its arrangements to learn from events of fraud to ensure that it maximises the opportunities for improvement (**paragraph 17**).

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 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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