

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2024/25
Meeting date	16 October 2025
Status	Public Report with exempt appendix
Executive summary	This report details counter fraud work carried out by Internal Audit during 2024/25 to provide assurance on the Council's response to combating fraud and corruption. Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. Two formal whistleblowing referrals were received and investigated during 2024/25. The BCP Anti-Fraud & Corruption Policy has been revised to incorporate the new corporate offence introduced by the Economic Crime & Corporate Transparency Act 2023. Under this legislation, organisations may face prosecution if a fraud is committed by an employee, agent, or subsidiary with the intent to benefit the organisation, and the organisation has failed to implement reasonable fraud prevention.
Recommendations	It is RECOMMENDED that: a) the counter fraud work & investigations carried out by Internal Audit during 2024/25 be noted; b) the whistleblowing referrals received during 2024/25 be noted.
Reason for recommendations	To enable the Audit & Governance Committee to consider the effectiveness of the Council's governance arrangements surrounding counter fraud and corruption including whistleblowing.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance  nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision and Information

Background

1. The purpose of this report is to inform the Audit & Governance Committee of counter fraud work undertaken by Internal Audit during the 2024/25 financial year for the Council.
2. This report also provides a summary of the number, nature and outcome of specific investigations and formal whistleblowing referrals received for the Council during the 2024/25 financial year.

Internal Audit Counter Fraud Work 2024/25

3. Internal Audit have carried out the following work to provide assurance on the Council's response to combating fraud & corruption:

Strategic

- The BCP Council's Corporate Fraud Risk Register was reviewed and updated during the year and shared with the corporate risk team for consideration in service directorate risk registers.
- The BCP Council Anti-Fraud & Corruption, Whistleblowing, Declaration of Interests, Gifts & Hospitality, and the Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) policies were reviewed and updated in the year as part of the annual evolution process. All were assessed as performing effectively during 2024/25. These policies are subject to an annual evolutionary review and approval by the Audit & Governance Committee.

NOTE Links to these documents are at the end of this report under Appendices.

Culture

- Monitored general employee fraud awareness through completion of the BCP Council mandatory e-learning modules which covered fraud prevention, bribery and whistleblowing. As at August 2025 a total of 87% of all employees (5,551 out of 6,327) had completed the fraud awareness e-learning; this is an increase from 80% as at September 2024.
- E-learning completion by individual directorates ranged between the highest level of 100% and the lowest level of 62% (96% & 55% respectively last year). It should be noted that the directorates with lower levels of completion include manual workers for which access to the learning is more challenging.
- Targeted fraud awareness sessions were provided to specific officers and senior management teams as required during the year.

Deterrence

- Corporate fraud communications were presented in the year to promote fraud awareness and give guidance to staff on counter fraud policy/procedures.
- Specific 'Fraud Alerts' were issued to relevant service areas (including schools) throughout the year. These alerts come from a variety of sources including the Council's bank, local authority sector groups and central government entities.

Prevention & Detection

- Finalised work on the 2024/25 National Fraud Initiative (NFI) data matching exercise resulting in the following final outcomes:
 - Two duplicate creditor payments were identified totalling £4,748,70. One payment (£1,020) has been fully recovered and the other payment (£3,728,70) is being recovered. Some further potential duplicate payments are currently being reviewed by the Purchase to Pay Manager.
 - 156 Blue Badges have been cancelled as a result of matches against deceased national records and further work is ongoing to conclude the review.
 - 782 concessionary travel passes have been cancelled as a result of matches against deceased national records.
 - Reminders were issued to some officers of the need to declare potential declarations of interests resulting from matches of employees to company directors.

- As a result of matching payroll data three employees were found to be working for two public bodies at the same time. None of the employees had declared the other employment as required by the Council's Declaration of Interests, Gifts & Hospitality Policy. After further investigation by Internal Audit and management, two officers were dismissed and one officer resigned. Further details of these investigations are included in Confidential Appendix A. The cases are being considered for criminal or civil action, including recovering any wrongly paid salary.
- Work was completed (by end of November 2024) by Internal Audit on a Single Person Discount (SPD) pilot project to increase Council Tax yield by systematically reviewing all National Fraud Initiative (NFI) data matches that may indicate fraud or error in relation to residents claiming SPD. Discounts were removed where fraud or error was found, and the national penalty charge (£70) was levied for failure to notify the Council of a change in circumstances. The Internal Audit pilot resulted in a total yield of £675,793 (including financial penalties of £26,880) and removing 556 single person discounts. The work is now being undertaken by the Income Maximisation & Compliance Team and progress reported to the Audit & Governance Committee as part of the Internal Audit quarterly update.
- Seven high risk fraud areas were reviewed as part of the 2024/25 Audit Plan as detailed in the table below:

Fraud Risk Area	Outcome & Recommendations
Homecare/Residential Care Payments	Reasonable assurance audit opinion. Improvements to the governance & oversight and the detection of errors/potential fraud arrangements were recommended.
Procurement Cards	Reasonable assurance audit opinion. Improvements to the unresolved transactions, unapproved transactions, and the reporting of fraudulent transactions arrangements were recommended.
Mandate Fraud	Reasonable assurance audit opinion. A recommendation was made to consider the cost/benefit of using enhanced bank account validation tools.
Direct Payments (Children's)	Reasonable assurance audit opinion. Improvements to the reporting of inappropriate/fraudulent transactions process, direct payment set up and managed accounts monitoring checks were recommended.
Contract Award	Reasonable assurance audit opinion. No formal recommendations were made.
Cash Income	Reasonable assurance audit opinion. Income was generally found to be recorded correctly and reconciled adequately, however some improvements were recommended to the cash income controls operating in libraries and council tax kiosks.
Planning Applications	Reasonable assurance audit opinion. Improvements to the general procedures, declaration of interests, planning performance agreements, income reconciliations and concept meetings arrangements were made.

- As part of the 2025/26 Audit Plan the following high-level fraud risk areas are planned to be reviewed; Contract Payments, Direct Payments (Adults), Right to Buy, Blue Badges, Concessionary Travel, Moveable Assets, Cash Income (Seafront Arcade).

Investigations

- Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. Details of investigations that have been led or carried out by Internal Audit during 2024/25 are detailed in Confidential Appendix A. This appendix involves exempt information and is submitted as a confidential paper to this report. An additional list of all thefts of Council equipment reported to the Insurance Team has also been included in Confidential Appendix A.

NOTE - Human Resources are responsible for supporting management with investigations into potential staff misconduct for matters which are non-financial related.

Corporate Counter Fraud Work

- During 2024/25 Internal Audit have provided specialist investigative resource to support Management with high risk fraud areas.
NOTE - Single Fraud Investigation Service (DWP) are responsible for taking action regarding Housing Benefit fraud and BCP Revenues and Benefits are responsible for taking action on Council Tax/NDR/Council Tax Reduction Scheme fraud.
- Work was carried out with BCP Housing teams to assist in the validation of all Right to Buy Applications. The results of this work are detailed below.

Fraud Risk Area	Total 24/25	Total 23/24	Total 22/23
Right to Buy Checks	143	32	36
Applications withdrawn	4	0	1
Cases Refused	0	1	0

- During this financial year the legislation relating to Right to Buy scheme was changed. The change meant that any applications submitted after 21 November 2024 attracted a far lower discount. Consequently, there was a significant number of applications in the weeks prior to that date. 94 applications were submitted or dealt with in November and December 24 alone, compared to an average of 5 per month in the remaining 10 months of the year.
 - The four applications withdrawn this year were as a result of checks carried out by Internal Audit.
- Work has also been carried out to assist with the investigation of Blue Badge and Housing Tenancy fraud referrals as detailed below:

Fraud Risk Area	Total 24/25	Total 23/24	Total 22/23
Blue Badge Referrals	31	11	25
Badges recovered	0	0	1
Warning letters issued	3	0	1
Housing Tenancy Referrals	37	26	32
Property recovered	0	0	1
Property succession refused	0	0	1

- Blue badge referrals have increased during 2024/25, however this is closer to the level of referrals received during 2022/23 and given the size of the authority not considered to be excessive or cause for concern.
- Housing Tenancy referrals during 2024/25 have returned to a similar level expected.

Local Government Transparent Code 2015

7. The Transparency Code requires the annual publication of data relating to the Council's counter fraud work. The table below reproduces the information published on the Council's website (for information).

Mandatory Publication Level	2024/25	2023/24	2022/23
Number of occasions that powers have been used under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.	0	0	0
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.	Headcount 4 FTE 2	Headcount 4 FTE 1.75	Headcount 4 FTE 2
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	Headcount 2 FTE 1.25	Headcount 2 FTE 1.25	Headcount 2 FTE 1.25
Total amount spent by the authority on the investigation and prosecution of fraud. (aggregate salaries + on-costs)	£118,134	£97,548	£96,139
Total number of fraud cases investigated.	289	144	176

8. The 289 total cases investigated in 2024/25 is broken down by type in the table below along with a comparison to previous years 2023/24 and 2022/23:

Investigation Type – Fraud, financial irregularity or whistleblowing	2024/25	2023/24	2022/23
Council Tax Discount – public tip off, usually anonymous	121	58	67
Housing Tenancy - public tip off, usually anonymous	38	26	34
Internal Audit led investigations (see Confidential Appendix A)	37	22	22
Unpaid Non Domestic Rates - public tip off, usually anonymous	16	12	5
Blue Badges - public tip off, usually anonymous	34	11	25
Financial Assessments	5	6	0
Fraud referrals not related to BCP Council (after initial investigation)	23	3	12
Housing Applications - public tip off, usually anonymous	5	1	4
Direct Payments misuse - public tip off, usually anonymous	1	0	0
Other miscellaneous	9	5	7
TOTAL	289	144	176

9. The increase in Council Tax Discount referrals maybe attributed to the work undertaken during 2024/25 by Internal Audit on the Single Person Discount (SPD) pilot project to increase Council Tax yield by systematically reviewing all National Fraud Initiative (NFI) data matches that may indicate fraud or error in relation to residents claiming SPD.

Counter Fraud Best Practice

10. An annual assessment has been carried out to review the Council's arrangements on managing the risk of fraud and corruption using a tool provided by CIPFA.
11. The current assessment outcome (score of 94%) states: *"The organisation is meeting the standard set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The leadership has acknowledged its responsibilities for managing the risks and it has robust arrangements in place to identify and manage*

risks. It has a counter fraud strategy, backed up by the resources and arrangements in place to carry it out. The organisation is proactive in managing fraud and corruption risks and responds effectively. Stakeholders can be confident in the approach taken by the organisation and meeting the standards of the counter fraud code contributes to good governance. Whilst no organisation is 'fraud proof,' the organisation has taken robust steps to ensure its resilience. This high level of performance should be acknowledged within the organisation's annual governance report."

12. The Council has achieved its goal of continually improving its resilience to fraud (as stated in the Anti-Fraud & Corruption Policy) by using the counter fraud resource available during 2024/25 to ensure adequate risk, control and governance arrangements are in place.

Whistleblowing Referrals 2024/25

13. A Whistleblowing Policy exists to ensure qualifying individuals are able to raise concerns they may have safely, without fear of harassment or victimisation. There are certain types of disclosure covered by a Whistleblowing Policy which are specified in the Public Interest Disclosure Act 1998.
14. The Council's Whistleblowing Policy, approved annually by this Committee, requires a summary of the number, nature and outcome of Whistleblowing referrals investigated in the year to be presented to this Committee.
15. Two formal whistleblowing referrals were received and fully investigated during the last financial year (1 April 2024 – 31 March 2025), details are included in Confidential Appendix A. These cases were resolved in line with the Whistleblowing Policy.
16. Promotion of the BCP Whistleblowing Policy is undertaken through annual evolution and corresponding communication to all staff, briefings delivered at officer meetings, and inclusion within the Fraud Prevention e-learning module available on the Council's intranet.
17. The Policy will be reviewed and formally approved annually by this Committee to ensure ongoing development and legislative compliance.

Updated Anti-Fraud & Corruption Policy for 2025/26

18. The Economic Crime and Corporate Transparency Act 2023 represents a pivotal step in the UK government's efforts to enhance its legislative framework against economic crime. A notable feature of this Act is the introduction of the 'failure to prevent fraud' offence. This offence holds an organisation criminally liable if an employee, agent, subsidiary, or other "associated person" commits a specified fraud offence with the intent to benefit the organisation, and the organisation lacks adequate fraud prevention measures.
19. As a result of this new offence an additional appendix has been added to the BCP Anti-Fraud & Corruption Policy entitled "Economic Crime and Corporate Transparency Act 2023 – Failure to Prevent Fraud Requirements" to demonstrate the Council's arrangements to address this new offence that came into force w.e.f. 1 September 2025.
20. In accordance with delegated authority to the Head of Audit & Management Assurance as approved by the Audit & Governance Committee on the 27/02/25 (see Appendix B) this amended policy has been introduced and is being subsequently reported back to this committee.

Options Appraisal

21. An options appraisal is not applicable for this report.

Summary of financial implications

22. The Fighting Fraud & Corruption Locally 2020 strategy states "Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community".

23. It is recognised that fraud against the Council harms residents and taxpayers of Bournemouth, Christchurch and Poole and for that reason fraud and corruption will not be tolerated.
24. The total amount spent by the Council on the investigation and prosecution of fraud is summarised in the Local Government Transparency Code 2015 table in paragraph 7 above.

Summary of legal implications

25. There are no direct legal implications from this report.

Summary of human resources implications

26. There are no direct human resource implications from this report.

Summary of sustainability impact

27. There are no direct environmental implications from this report.

Summary of public health implications

28. There are no direct public health implications from this report.

Summary of equality implications

29. There are no direct equality implications from this report.

Summary of risk assessment

30. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A – Internal Audit Led Investigations and Thefts of Council Equipment reported to Insurance Team 2024/25 (Confidential)
Appendix B – Anti-Fraud & Corruption Policy (updated September 25)

BCP Council Anti-Fraud & Corruption Policy

[Internal access](#)
[External access](#)

BCP Whistleblowing Policy

[Internal access](#)
[External access](#)

BCP Declaration of Interests, Gifts & Hospitality (for officers)

[Internal access](#)

BCP RIPA and IPA Policy

[Internal Access](#)
[External access](#)