WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY 27 OCTOBER 2026

REPORT TITLE:	**COUNTER FRAUD REPORT**
REPORT OF:	**DIRECTOR OF FINANCE**

REPORT SUMMARY

This report provides an overview of the Counter Fraud activity undertaken during 2025/26 and demonstrates how the Council continues to protect public funds through the prevention, detection and investigation of fraud, error and irregularity. It summarises the outcomes achieved through investigative and enforcement activity, participation in the National Fraud Initiative, fraud prevention and awareness work, and wider counter fraud activity undertaken during the year.

During the year, Counter Fraud Team activity identified financial outcomes of £384,955.23, which includes £103,666.00 of recoverable savings arising from National Fraud Initiative investigations. In addition, the National Fraud Initiative identified £505,984.92 of estimated savings, calculated using Cabinet Office methodologies to reflect the value of fraud and error prevented. These estimated savings do not represent direct cashable savings realised by the Council.

The report also presents the outcomes of a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Managing the Risk of Fraud and Corruption and the Fighting Fraud and Corruption Locally good practice framework. An accompanying Counter Fraud Action Plan has been developed to address identified opportunities for enhancement and support the continued strengthening of the Council's counter fraud framework.

The report supports the draft Wirral Plan 2027-31: A New Chapter for Wirral, specifically the aim to provide reliable everyday services

This matter affects all Wards within the Borough. It is not a key decision.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report and continue to support the work of the team.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

1.1 To provide Members with assurance that the Council is taking appropriate action to address the risk of fraud and that suspected frauds are investigated, and appropriate actions are taken to prosecute perpetrators, recover losses and improve financial controls.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options were considered appropriate as regular reporting on counter fraud activity forms an important element of the Council's governance framework and supports compliance with recognised good practice, including CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.

3.0 BACKGROUND

3.1 The Accounts and Audit Regulations (England) 2015, states that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'.

3.2 CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption states that there should be a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy.

3.3 Local authorities continue to face a significant fraud risk, with various national studies and reports estimating that fraud and error cost local government billions of pounds each year. At a time of continued financial pressures, any losses arising from fraud reduce the resources available to deliver essential services and support local communities. It is therefore important that the Council maintains effective arrangements to prevent, detect and investigate fraud, ensuring that public funds are safeguarded and used for their intended purpose.

3.4 The high-risk fraud areas faced by the Council are included in the annual Internal Audit Counter Fraud planning process and audit work has been completed during the reporting period 2025/26. Further details of this activity are included in the Annual Counter Fraud report attached to this report as Appendix 1 alongside an action plan to address the development areas.

4.0 FINANCIAL IMPLICATIONS

4.1 The delivery of counter fraud activities is currently undertaken using existing resources within the Counter Fraud Team, working closely with Internal Audit and other Council services.

5.0 LEGAL IMPLICATIONS

5.1 Local Authorities have a statutory duty to have arrangements in place for the proper administration of their financial affairs under the Local Government Act 1972. That duty includes the prevention, detection and deterrence of fraud and corruption. The Wirral Counter Fraud and Corruption Strategy, Anti-Fraud and Corruption Policy and Fraud Response Plan provides a framework for fraud awareness, response and key actions relating to improving the Council's counter fraud and corruption framework. In the

absence of an up-to-date strategy and policies there is a risk that fraud and corruption may not be monitored or be unreported.

5.2 The Bribery Act 2010 provides for two general offences covering the offering, promising, or giving of an advantage and requesting, agreeing to receive, or accepting of an advantage. It provides for a corporate offence of failure to prevent bribery by persons working on behalf of a business. An organisation can avoid conviction if it is able to demonstrate that it has adequate procedures in place to prevent bribery.

5.3 The Economic Crime and Corporate Transparency Act 2023 provides for an offence of failure to prevent fraud. This offence applies to large organisations and holds them strictly liable if an associated person, such as an employee, agent, or contractor, commits a fraud offence intended to benefit the organisation or its clients. As with the Bribery Act, the only defence is for the Council to demonstrate that it had reasonable procedures in place to prevent fraud. This reinforces the expectation that organisations must proactively assess fraud risks and implement proportionate prevention measures to foster a culture of integrity and accountability.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 It is envisaged that all planned activity will be undertaken within existing resources.

7.0 RELEVANT RISKS

7.1 Fraud is not properly identified, investigated or addressed, potentially resulting in perpetrators not being -prosecuted, losses not being recovered, and financial controls not being strengthened.

7.2 Budgetary constraints and reduced staffing levels increase the likelihood that previously robust procedures may not be followed and therefore providing the opportunity for fraud to occur.

7.3 Insufficient monitoring or oversight could allow weaknesses in key financial and operational controls to persist, increasing the council’s exposure to fraudulent activity.

7.4 The risk of non-compliance with anti-fraud policies and procedures could undermine the council’s ability to maintain a strong culture of integrity and accountability.

7.5 Without timely detection and investigation, fraud losses may escalate and impact the council’s ability to deliver services effectively.

7.6 Failure to implement the Counter Fraud Action Plan may limit the Council's ability to demonstrate alignment with recognised counter fraud good practice and reduce opportunities to further strengthen fraud risk management, prevention and assurance arrangements.

7.7 The Council mitigates these risks through the delivery of a dedicated Counter Fraud function within the Risk and Compliance Service, supported by established policies, procedures and governance arrangements. The Counter Fraud Team undertakes investigations into allegations of fraud and irregularity, delivers proactive fraud detection exercises, coordinates participation in the National Fraud Initiative, and promotes fraud awareness across the organisation. Oversight is provided through regular reporting to the Audit and Risk Management Committee, while fraud risks are managed through ongoing

review of the Council's counter fraud framework, policies and training arrangements. In addition, the Counter Fraud Action Plan provides a structured programme of activity to address identified opportunities for enhancement, strengthen fraud risk management and control arrangements, and support continuous improvement in the Council's approach to preventing, detecting and responding to fraud and corruption.

8.0 ENGAGEMENT/CONSULTATION

8.1 There are no engagement/consultation implications arising from this report.

9.0 EQUALITY IMPLICATIONS

9.1 The content and recommendations contained within this report have no direct equality implications. However, the effective delivery of counter fraud activity helps ensure that public resources are protected and available to support the equitable delivery of Council services.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 While counter-fraud activity is primarily focused on protecting financial resources, it can have positive indirect impacts on climate and the environment. By ensuring funds are used appropriately, the Council can safeguard budgets for sustainability initiatives and environmental projects. The content of this report is not expected to have an adverse impact on emissions of CO2 or greenhouse gases.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The content of this report has no direct implications for community wealth. However, the delivery of an effective internal audit and counter fraud service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

12.0 CRIME AND DISORDER IMPLICATIONS

12.1 The report highlights that the during 2025/26, the Counter Fraud Team completed 389 reviews into allegations of fraud and error across Revenues and Benefits services. These investigations resulted in 142 identified instances of fraud and error with a total financial value of £384,955.23. In addition, the National Fraud Initiative identified £505,984.92 of estimated savings, calculated using Cabinet Office methodologies to reflect the value of fraud and error prevented. These estimated savings do not represent direct cashable savings realised by the Council.

12.2 The Team also issued two warnings, eleven Local Authority cautions, four administrative penalties and secured five successful prosecutions, including four undertaken in collaboration with the Department for Work and Pensions.

12.3 The work of the Counter Fraud Team also acts in part as a deterrent to prevent fraud.

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APPENDICES

1. Appendix 1 Annual Counter Fraud Report
2. Appendix 2 Self-Assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption with action plan

BACKGROUND PAPERS
Internal Audit Plan 2025-26
Counter Fraud Strategy and Policy

TERMS OF REFERENCE
This report is being considered by the Audit and Risk Management Committee in accordance with Section B of its Terms of Reference.

(b) Internal Audit and Internal Control
(iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

SUBJECT HISTORY (last 3 years)

Council Meeting	**Date**
Audit and Risk Management Committee Audit and Risk Management Committee Audit and Risk Management Committee	4 November 2025 22 October 2024 24 October 2023