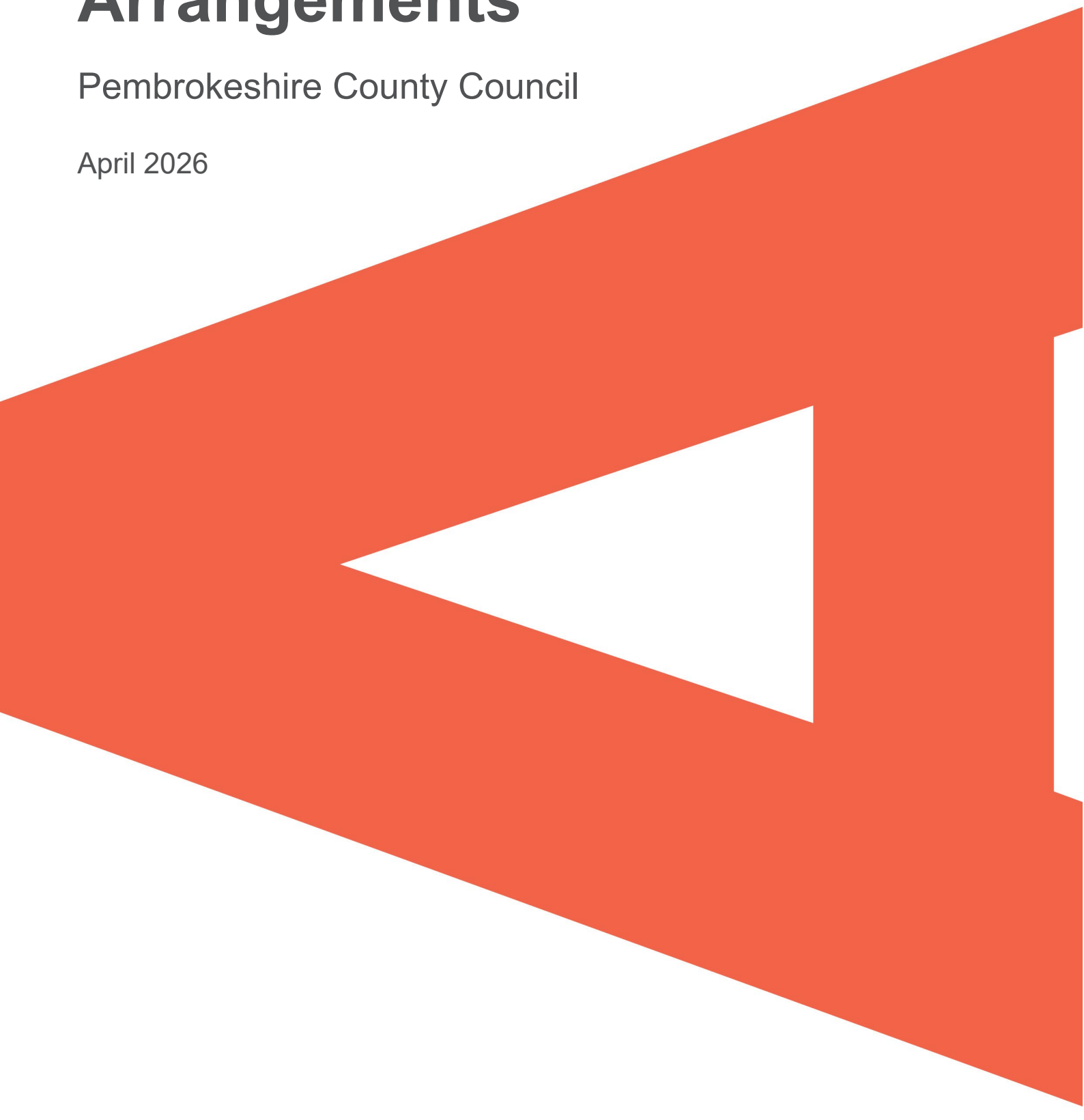


Counter Fraud Arrangements

Pembrokeshire County Council

April 2026



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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. This current audit 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 has good arrangements to prevent and detect fraud with a clear zero tolerance approach. The Council has arrangements in place to identify fraud risks and a framework to define its investigative response to suspicions. Appropriately qualified officers complete counter fraud work.

What we recommend

- 5 We found some opportunities to further strengthen the Council's counter fraud arrangements, and have made three recommendations. These are:
 - strengthening the Council's process for developing its fraud risk assessment;
 - strengthening existing arrangements to ensure the involvement of its counter fraud officers when the Council introduces new policies or changes systems; and
 - formalising existing arrangements to clearly set out the Council's approach for publicising cases of proven fraud.

Our findings

Leadership and culture

- 6 The Council's Senior Leadership Team (SLT) provides clear leadership on the importance of counter fraud. The Council's Counter Fraud, Corruption and Bribery Policy Statement and Strategy makes a clear statement of zero tolerance towards fraud. This shows a commitment to the counter fraud work carried out by Internal Audit. Fraud is also one of the Council's corporate risks on its risk register, which is considered every three months by both SLT and the Governance and Audit Committee (GAC).
- 7 Responsibilities for counter fraud are clearly set out. The Council's Director of Resources is responsible for implementing appropriate measures to prevent and detect fraud, supported by Internal Audit. This structure demonstrates that fraud prevention is supported corporately.

Risk management and control framework

- 8 The Council demonstrates a good understanding of fraud risks. However, its arrangements could be strengthened by directly engaging service managers, who currently have limited involvement in assessing fraud risks. This should better support local intelligence and make the Council's fraud risk assessment more comprehensive. This is important because it can better support the Council's identification of fraud risks and mitigations within the counter fraud preventative work plan.

- 9 The Council does not ensure that Internal Audit is always engaged to assess new projects and policies for potential fraud risks. The Council currently relies upon good working relationships between Internal Audit and its service areas, but this does not ensure that Internal Audit will always be consulted. Without formal arrangements to ensure that Internal Audit are engaged with new or changing policies and procedures, there is a risk that fraud vulnerabilities in new projects and policies may not be considered or identified.

Policies and training

- 10 The Council has a Counter Fraud, Corruption and Bribery Policy Statement and Strategy. This Strategy outlines its arrangements for identifying, managing and responding to fraud risks. This Strategy is cross referenced with other related strategies, particularly its Codes of Conduct, Whistleblowing, Anti-Money Laundering Policy and a Know Your Customer & Due Diligence Procedure.
- 11 The Council has arrangements to identify, respond to, and manage fraud risk. These are clearly set out within its Fraud Response Plan. The Council also maintains a record of its fraud investigations that includes the investigation process followed and subsequent outcomes. The Council could further strengthen its arrangements in this area by providing proportionate assurance in its reports that it has complied with its own processes when undertaking fraud investigations.
- 12 The Council has appropriate arrangements to ensure that staff and councillors receive fraud awareness training appropriate to their role. The Council provides mandatory fraud awareness training via an e-learning module for all staff on a rolling programme. The training module has been reviewed to ensure it remains up to date. This helps to increase organisational effectiveness in preventing, detecting and responding to fraud.

- 13 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. There is understandable caution by senior officers to publicise details of some fraud cases without a criminal conviction. The absence of an agreed approach can limit deterrence and public awareness of the Council's success in detecting fraud.
- 14 The Council has a clear and proportionate approach to managing the risk of fraud when employing new staff and contractors. 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. In addition, the Council also uses a subscription service to perform additional fraud focussed checks before new employees and contractors begin work.

Capacity and expertise

- 15 The Council is clear on officer responsibilities for counter fraud. It has appropriately qualified and experienced specialist officers to undertake counter fraud work. The Council also uses additional specialist support when needed.
- 16 The Council's Rolling Internal Audit Plan clearly sets out its planned preventative counter fraud works. The Plan is delivered by the Council's Internal Audit Service and progress is reported to GAC. Both the Plan itself and regular updates on progress are important to assure the GAC that planned counter fraud preventative works are being completed.
- 17 The Council's Internal Audit team seek to identify post-fraud event lessons learned within their fraud investigations. This is to help reduce the risk of repeated fraud and identify opportunities for improvement.

Tools, data and collaboration

- 18 The Council's counter fraud strategy includes collaboration through formal arrangements with His Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP). It also includes participation in national groups with a counter fraud focus, and information-sharing agreements with external bodies.
- 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 uses its fraud database to calculate potential losses from fraud activity. However, the Council does not use frameworks such as the NFI and the National Audit Office to always quantify losses consistently with other organisations. There is an opportunity for the Council to strengthen its arrangements for how it quantifies its losses to improve consistency.

Governance

- 21 There is appropriate oversight of counter fraud activity within the Council. Every three months the GAC receive updates on delivering the Rolling Internal Audit Plan for preventative counter fraud works. It includes information on fraud referrals, investigations, and NFI outcomes. GAC also receive counter fraud training and contribute to the NFI self-appraisal process. This engagement enables the GAC to review the effectiveness of the Council's counter fraud arrangements. It also enables the GAC to further promote the Council's zero tolerance stance on fraud.

Recommendations

R1 To ensure the fraud risk assessment is comprehensive, the Council should strengthen the process for developing it by ensuring that there is full engagement with all service areas (**paragraph 8**).

R2 To ensure fraud risk is assessed and addressed consistently, the Council should formalise its arrangement to ensure the involvement of its counter fraud officers when introducing or changing policies and systems (**paragraph 9**).

R3 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**).

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 between August and 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 and councillors involved in oversight and management of counter fraud arrangements, including senior officers. These discussions helped us understand how policies and procedures work in practice.

2 About us

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