

COUNTER-FRAUD AND WHISTLEBLOWING ANNUAL REPORT 2025

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Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report provides the Committee with an overview of the governance the council has in place to prevent, detect and address fraud.

Recommendation (s)

The Committee is asked to:

- (1) **Note and comment on the contents of the report, which outlines the work being undertaken to prevent and detect fraud.**

1 Reason for Recommendation

- 1.1 To provide the Committee with assurance that effective governance is in place regarding the prevention and detection of fraud.

2 Background

- 2.1 In common with all other public bodies, the council is potentially vulnerable to fraud. Receiving an annual report on the council's counter-fraud arrangements is included within this committee's [terms of reference](#).
- 2.2 As stated by the Local Government Association, "[a]ll councils have a duty to protect the public purse and a major part of this is by limiting exposure to fraud and corruption and reducing risk through effective prevention and detection." Fraud can reduce the money available to support local communities.¹

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- 2.3 Fraud can be defined as “any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.”² The main legislation covering fraud is the Fraud Act 2006,³ however there are other specific pieces of legislation which cover particular council activities. Within the Act there are three core sections: fraud by false representation, fraud by failing to disclose information, and fraud by abuse of position. There are other types of fraud that can fall within these definitions, such as corruption, bribery, theft and money laundering.⁴
- 2.4 There has been a new legislative development since last year’s edition of this report. Local authorities must now comply with the ‘failure to prevent’ fraud offence (FTPF), which came into force from 1 September 2025.⁵ The duty forms part of the Economic Crime and Corporate Transparency Act 2023. It means that councils and other public bodies could be held “criminally liable where an employee, agent, subsidiary, or other “associated person”, commits a specified fraud offence intending to benefit (indirectly or directly) the organisation and the organisation did not have reasonable fraud prevention procedures in place.”⁶ Following an initial assessment of sector guidance, officers are confident that the governance measures outlined in Section 3 of this report provide reasonable and proportionate fraud prevention with respect to this new duty. This has been demonstrated by marking each measure in Section 3 that applies to the ‘reasonable procedures’ that the sector guidance identifies in relation to the FTPF offence, which are categorised as: Top-level commitment (TLC), Risk assessment (RA), Proportionate procedures (PP), Due diligence (DD), Communication (C), Training (T), Monitoring and review (MR). Notwithstanding this review, the counter-fraud action for 2026-27 will be to conduct an additional FTPF mapping exercise.
- 2.5 *Fighting Fraud and Corruption Locally: a strategy for the 2020s*, provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.⁷ The Strategy focuses on five pillars of activities or strategic objectives, namely: Acknowledge, Prevent and Pursue, Govern and Protect. Govern focuses on those charged with leadership to ensure robust arrangements are in place and that senior leadership and members support antifraud, bribery and corruption measures, and their embeddedness throughout the organisation. Protect is the overarching responsibility to protect the public from fraud.
- 2.6 Nonetheless it remains the case that “[t]he Council has a zero tolerance attitude to fraud and is totally opposed to any form of fraud and corruption.”⁸
- 2.7 The Audit and Scrutiny Committee has “[o]verall responsibility for audit and governance frameworks”, which includes fraud, corruption and whistleblowing.⁹ Therefore this report has been brought to the committee to help it fulfil these responsibilities.

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3 The Council's Counter-fraud Governance

- 3.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) published a code of practice in “managing the risk of fraud and corruption” in 2014, which sets out the following principles that embody good governance and effective management regarding fraud.¹⁰ These principles can be used to demonstrate what activities the council has in place to manage the risk of fraud.
- 3.2 The bold capitalised letters at the end of each bullet point refer to the relevant aspect of the sector guidance on the FTFP offence (see para. 2.4).

3.2.1 Acknowledge responsibility (A)

- Responsibility acknowledged within statements and policies published on a dedicated fraud webpage and intranet page.¹¹ **[TLC]**
- Member's and officer's codes of conduct incorporated into the council's constitution and employment policies respectively. Codes include reference to principles such as the seven principles of public life, declaration of interests, gifts and hospitality and political neutrality (for officers).¹² **[TLC]**
- Whistleblowing policy incorporated into the employment policies. **[TLC]**
- Annual fraud report brought to Audit & Scrutiny Committee. **[MR]**
- Specific goal for fraud 2025-2026: conduct fraud risk reviews with all service managers. **[TLC]**

3.2.2 Identify risks (B)

- Fraud risks are included in each Service's risk register. There are no red / high risks. **[RA]**
- Divisional assurance statements are completed as part of the production of the Annual Governance Statement. The statements confirm that Heads of Service are aware of their responsibilities to report upwards any unresolved matters of concern about internal control or fraud, and to deal with any matters reported to them in an expeditious manner. **[TLC]**
- Counter-fraud implications included in policy and procurement templates. **[PP]**

3.2.3 Develop a strategy (C)

- Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan in place. **[PP]**

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- Mandatory fraud awareness e-learning for staff (also included in the refresher e-learning package): approximately 93% of staff completed the training between 01/11/2024 – 09/10/2025. This figure is approximate as it does not include staff who completed the training and then left the council, and that some staff are not required to complete the training due to the nature of their role. In addition, the council's headcount varies throughout the year. Managers are being sent reminders if any members of their team have not completed the training. **[T]**

3.2.4 Provide resources (D)

- National Anti-Fraud Network (NAFN) member. **[C]**
- National Fraud Initiative. **[PP]**
- Environmental health enforcement and PACE interview equipment. **[PP]**
- Commissioned neighbouring Borough council to undertake housing fraud reviews/investigations (with the potential for additional fraud work). **[PP]**

3.2.5 Take Action (E)

- [Counter-fraud policies](#) in place: **[TLC]**
 - Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan.
 - Anti-Bribery Policy.
 - Anti-Money Laundering Policy.
- Code of Conduct for Members. **[TLC]**
- Officers' Code of Conduct. **[TLC]**
- Gifts and hospitality policy and declarations (declarations are recorded individually without a summary document due to the size of the organisation). **[PP]**
- Pecuniary interest and conflicts of interest policies and register for Members. **[PP]**
- Whistleblowing Policy. **[TLC]**
- ICT Security & Acceptable Use Policy (inc. cyber). **[TLC]**
- Password policy. **[PP]**
- Segregation of duties for financial transactions. **[PP]**
- Cyber: ICT mitigations tested and in place. **[PP]**
- External Audit, including financial fraud risk assessments. **[MR]**
- Internal Audit. **[MR]**

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- National Fraud Initiative data matching. **[PP]**
- Revenues and benefits: in-house reviews undertaken, partnership with Department of Work & Pensions, ICT-based checks and balances. **[PP]**
- Post-assurance checks completed for Government grants. **[MR]**
- Procurement: Strategy, Contract Standing Orders, anti-collusion clauses in tender documents and contracts, officer training, access to credit safe, and procurement oversight Board in place. **[PP]**
- Homelessness assessments and eligibility checks, and multi-agency networks. **[PP]**
- Housing Allocation Policy and criteria; applications involve supporting documents and ID checks. **[PP]**
- Pre-employment checks undertaken, e.g.: right to work, references, DBS checks as appropriate. **[DD]**
- Corporate stress risk assessment being delivered 2025/26. **[DD]**
- Internal fraud reporting email address in place for employees to use to report potential fraud. **[PP]**
- Fighting Fraud and Corruption Locally Knowledge Hub group member. **[T]**
 - Procedure notes on how to process potential frauds in place for Contact Centre team **[T]**
 - Fraud risk register and counter-fraud performance dashboard in place. **[RA]**
 - Fraud transparency data available on the council's website. **[C]**
 - Cases of corporately reported fraud and/or whistleblowing in the last year:
 - Council Tax: One significant fraud identified in October 2025, currently being investigated.
 - Car parks: one customer received a scam text saying they had been fined.
 - Housing and homelessness (2024-2025):
- Total cases investigated and closed: 378
- Positive outcomes: 66

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- Total notional savings: £213,840.00 saved for Epsom & Ewell Borough Council Borough Council. This equates to 17% of the cases looked at by fraud being prevented or closed due to fraud investigation.13
 - Whistleblowing: no reports this year.
 - Review of Officer and Councillor's declarations of gifts, hospitality and interests: no material anomalies found.
- Fraud activities underway / completed in the last year:
 - Counter-fraud risk assessment reviews held with all service managers. **[RA]**
- Counter-fraud activity for 2026: conduct a failure to prevent fraud (FTPF) mapping exercise and then complete an internal FTPF checklist. **[MR]**

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct implications.

4.2 Crime & Disorder

4.2.1 The contents of the report refers to fraud risks.

4.3 Safeguarding

4.3.1 No direct implications.

4.4 Dependencies

4.4.1 None.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 Fraud prevention work helps to avoid additional costs to the council.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

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6.1 No direct implications.

6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- N/A

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** No direct implications.

7.4 **Sustainability Policy & Community Safety Implications:** No direct implications.

7.5 **Partnerships:** Reigate and Banstead Borough Council's fraud team.

7.6 **Local Government Reorganisation Implications:** None.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Epsom & Ewell Borough Council (2024) *Counter-Fraud and Whistleblowing Annual Report*, Audit & Scrutiny Committee, 14th November 2024. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MIId=1631> [last accessed 11/10/25].

Other papers:

¹ Local Government Association [LGA] (2017) *A councillor's workbook on bribery and fraud prevention*, p. 4.

² The Institute of Internal Auditors et al. (no date) *Managing the Business Risk of Fraud: A Practical Guide*, p. 6. Online available: <https://grants.az.gov/sites/default/files/media/managing%20the%20business%20risk%20of%20fraude%20a%20practical%20guide.pdf> [last accessed 22/10/2025].

³ HM Government (2006) *Fraud Act 2006*. Online available: <https://www.legislation.gov.uk/ukpga/2006/35/contents> [last accessed 22/10/2025].

⁴ Ibid., LGA (2017).

⁵ HM Government (2025) *Guidance: Offence of 'failure to prevent fraud' introduced by ECCTA*, Home Office. Online available:

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<https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta> [last accessed 30/10/2025].

⁶ Fighting Fraud and Corruption Locally (2025) *Briefing Note Failing to Prevent Fraud: Avoiding Corporate Criminal Liability*, KnowledgeHub.

⁷ CIFAS (2020) Fighting Fraud and Corruption Locally. Online available: <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020> [last accessed 22/10/2025].

⁸ Epsom & Ewell Borough Council [EEBC]a (2024) *Anti-fraud and anti-corruption strategy*. Online available: <https://www.epsom-ewell.gov.uk/council/about-council/anti-fraud-and-corruption-strategy> [last accessed 22/10/2025].

⁹ EEBCb (2023) *Constitution: Appendix 3 – Terms of Reference for Full Council and Committees*, p. 5. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution> [last accessed 22/10/2025].

¹⁰ CIPFA (2014) *Code of practice on managing the risk of fraud and corruption*. Online available: <https://www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption> [last accessed 22/10/2025].

¹¹ See endnote 7.

¹² EEBC (2023) *Constitution of Epsom and Ewell Borough Council: Appendix 1 – Members Code of Conduct*. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution> [last accessed 22/10/2025].

¹³ Data provided by Reigate & Banstead Borough Council, who are commissioned to undertake counter-fraud work on behalf of Epsom & Ewell Brough Council.