Coventry City Council

Public report

Report to

Audit and Procurement Committee 21st September 2026

Name of Cabinet Member:
Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:
Director of Finance and Resources

Wards affected:
City Wide

Title:
Annual Fraud and Error Report 2025-26

Is this a key decision?
No – this is a monitoring report.

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service for the financial year 2025-26.

Recommendation:

The Audit and Procurement Committee is recommended to note and consider the anti-fraud and error activity undertaken in the financial year 2025-26.

List of Appendices included:

None

Background papers:

None

Other useful documents:

Half Yearly Fraud and Error report 2025-26

[Agenda for Audit and Procurement Committee on Monday, 2nd February, 2026, 2.30 pm - Coventry City Council]

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee.

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title: Annual Fraud and Error Report 2025-26

1. Context (or background)

1.1 Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally - The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the levels of identified / reported fraud against the Council remain at relatively low levels, both in terms of numbers and value.

1.2 This report documents the Council's response to fraud and error during 2025-26 and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistle blowing and the fraud and corruption strategy'. This involves oversight of the Council's arrangements for managing the risk of fraud to gain assurance that they are fit for purpose.

2. Options considered and recommended proposal

2.1 The Internal Audit Service is responsible for leading on the Council's response to the risk of fraud and error. The work of the team has focused on three main areas during 2025-26, namely:

- National Fraud Initiative
- Referrals and investigations considered through the Council's Fraud and Corruption Strategy
- Fraud awareness

A summary of the key activity that has taken place during 2025-26 is detailed below.

2.2 National Fraud Initiative (NFI) – The NFI exercise is led by the Cabinet Office. The main exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. The follow up of matches can also provide assurance that the Council's own arrangements for preventing and detecting fraud / error are effective. The results of the last exercise were released in January 2025 and formed part of the planned programme of work for 2025-26. It should be noted that matches relating to Housing Benefit / Council Tax Support / Single Person Discounts fall under the responsibility of the Revenues and Benefits Service and are not reported here.

2.2.1 Given the number of matches released, a risk-based approach is used in following up the matches. Table one below provides a breakdown of those areas where overpayments / forward savings have been identified. Where overpayments are identified, these are subject to standard recovery arrangements. The estimate of forward savings is calculated by the Cabinet Office. It helps to demonstrate the financial advantage of anti-fraud work and underlines the importance of taking appropriate action.

Table One – Breakdown of National Fraud Initiative results April to March 2026

Match Type	Purpose of Match	Number of errors / discrepancies	Overpayments	Cabinet Office Estimate of Forward savings
Pensions to DWP deceased data	To identify instances where an occupational pensioner has died but the pension is still being paid.	6	£5,498	£15,439
Blue badges to DWP deceased data	To identify cases where a blue badge holder has died but the local authority has not been notified.	131	-	£104,014
Residents Parking Permits to DWP deceased data	To identify cases where the holder of a resident parking permit has died but the local authority has not been notified.	83		
Waiting list to waiting list	To identify inaccurate / fraudulent applications for social housing.	14		£59,962
Waiting list to DWP deceased data	To identify cases where an individual who is registered on the housing list has died but the local authority has not been notified.	34		£145,622
Duplicate invoices by amount and creditor reference	To identify duplicate payments to suppliers.	1	£1020	
Direct payments to direct payments	To identify cases where an individual is claiming a direct payment from more than one local authority.	1	£220	
Total		**270**	**£6,738**	**£325,037**

2.3 Referrals and Investigations – From time to time, the Internal Audit Team receive referrals or are asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. Table two below indicates the number of referrals by source in 2025-26, along with figures for the previous three financial years.

Table Two - Fraud Reports Received between 2022-23 and 2025-26

Source	Reports 2022-23	Reports 2023-24	Reports 2024-25	Reports 2025-26
Whistleblower	1	4	1	4
Manager	10	18	24	23
External	2	1	3	2
Total	**13**	**23**	**28**	**29**

It is important to note that there is no mechanism for determining the number of reports the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. It is worth noting that this information only reflects referrals made in respect of concerns relating to fraud and corruption and does not include other matters raised under the Whistleblowing Policy.

2.3.1 Of the 29 referrals received in 2025-26, 13 have led to full investigations. The reasons for referrals not resulting in a full investigation include (a) initial assessment / fact finding does not find any evidence to support the allegations, (b) appropriate action has already been taken, e.g. the fraud has been prevented, and (c) the nature of the event means it is impractical to pursue further.

In addition to the 13 investigations highlighted above, two further investigations were carried forward from 2024-25. All of the investigations related to fraud / theft or other activities linked to obtaining a financial benefit. Three out of the total 15 investigations are still on-going, whilst of the remaining 12:

- In one case, the employee resigned during the disciplinary investigation.
- In one case (involving two employees), one employee received a final written warning, and one employee was dismissed from their employment with the Council (for other reasons.)
- In one case, a formal re-setting of standards took place.
- In one case, the employee received a final written warning.
- In one case, the employee was dismissed from their employment with the Council.
- In one case involving a direct payment, the direct payment was ended.
- In one case involving the theft of ICT equipment, the employee was dismissed and was prosecuted by the police.

- In one case involving European grant funding provided to four local businesses (who were connected to each other), a sum of £138k was recovered and returned to central government.

- In four cases, the concern was not substantiated.

2.4 Fraud Awareness - In 2025-26, the Internal Audit Service have continued to support training sessions with employees from Adult Social Care to raise awareness of the types of fraud that can occur within the social care environment, and particularly within direct payments. The Service are also in discussion with colleagues from Customer Services around how the single resident record which is in development can be used to detect / prevent fraud in claims for financial assistance.

2.5 Significant frauds - Within the International Auditing Standards, there are clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This includes an expectation that appropriate detail is provided around significant fraud. We have applied the following principles when defining significant fraud:

- A financial impact in excess of £10,000.

- Frauds of under £10,000 can be included if the Chief Internal Auditor considers this justified by the nature of the fraud.

- In terms of establishing when a fraud has occurred, this is normally defined as occurring when the disciplinary process has been concluded, although in cases not involving employees, this will be linked to other management action, such as criminal prosecution.

In the period April 2025 to March 2026, two significant frauds have been concluded. Details of these were provided to the Audit and Procurement Committee at its meeting on 2nd February 2026.

2.6 The local government transparency code requires local authorities to publish information in relation to fraud on an annual basis. This information is detailed in table three below.

Table Three – Counter Fraud Transparency Data

Requirement	Response
Number of occasions powers under the Prevention of Social Housing Fraud Regulations 2014 (or similar) have been used	0 – the Council does not own its own housing stock.
Total number of employees undertaking investigations and prosecutions of fraud	2 (estimated FTE 0.25)

Total number of professionally accredited counter fraud specialists	1 member of the Internal Audit Service holds the CIPFA Certificate in Investigatory Practice
Total amount spent by the authority on the investigation and prosecution of fraud	£10,586 (direct costs only, does not include salary costs)
Total number of fraud cases investigated	13 (note this only includes corporate fraud investigations, not investigations linked to the NFI)

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and Resources and the Director of Law, Governance and Safer Communities

5.1 Financial Implications

All fraud has a detrimental financial impact on the Council. In cases where fraud is identified, recovery action is taken to minimise the impact that such instances cause. This also includes action, where appropriate, to make improvements to the financial administration arrangements within the Council as a result of frauds identified.

5.2 Legal implications

The Council has a duty under S151 of the Local Government Act to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error.

All cases are conducted in line with the Data Protection Act 2018 and if appropriate are referred to the Police for investigation.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?
https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

The scope and content of this report is not directly linked to the achievement of key Council objectives, although it is acknowledged that fraud can have a detrimental financial impact on the Council.

6.2 How is risk being managed?

The risk of fraud is being managed in a number of ways including:

- Through the Internal Audit Service's work on fraud, which is monitored by the Audit and Procurement Committee.

- Through agreed management action taken in response to fraud investigations and / or proactive reviews.

6.3 What is the impact on the organisation?

Human Resources Implications

Allegations of fraud made against employees are dealt with through the Council's formal disciplinary procedure. The Internal Audit Service are involved in the collation of evidence and contribute to the disciplinary investigation supported by a Human Resources representative. Matters of fraud can be referred to the police concurrent with, or consecutively to, a Council disciplinary investigation.

6.4 Equalities / EIA

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The "protected characteristics" covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as Prosecutor must be fair, independent, and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.

6.5 Implications for (or impact on) Climate Change and the environment

No impact

6.6 Implications for partner organisations?

None

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