

## **Fraud Risk Assessment**

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### **Summary**

- 1 The purpose of this report is to inform Members about potential fraud risks that the council is exposed to, and proposed counter fraud activity to address those risks.

### **Background**

- 2 Fraud is a significant issue for all public sector organisations. Current estimates suggest fraud costs the public purse in excess of £20bn per year. To help direct counter fraud resources to the areas most needed, it is essential that the council considers the range of fraud risks it faces.

### **Risk Assessment**

- 3 An assessment of fraud risks faced by the council is included at exempt annex 1. This builds on assessments completed over the last two years and gives an indication of the susceptibility of each area to fraud along with planned action by the internal audit and counter fraud teams. This model will continue to be developed in future years as more information becomes available and new techniques are developed.

### **Review Against Good Practice**

- 4 In addition to the risk assessment, a review against current good practice for counter fraud arrangements has been undertaken. This includes information taken from:
  - Cipfa Red Book 2 – Managing the Risk of Fraud
  - The Audit Commission's Protecting the Public Purse, 2012

- The National Fraud Authority (NFA) – Fighting Fraud Together, 2012

5 While overall counter fraud arrangements are good, the review has identified a number of areas for further development in 2013/14, as set out below:

- Undertake a further review of the overall counter fraud strategy, in order to develop clear goals and actions, better quantification of the outcomes of counter fraud work, and ensure fraud response arrangements are up to date.
- Continue to undertake fraud awareness training in key service areas, and roll out general fraud awareness training through the introduction of the NFA's e-learning tool.
- Promote further development of whistleblowing arrangements, to ensure that channels for reporting fraud are clear and well publicised.
- Review agreements in place between the counter fraud team, external partners, and internal departments to ensure they support joint working.
- Undertake a further review of counter fraud arrangements in relation to specific service areas including recruitment, procurement, and housing fraud (in particular developing relationships with other social housing providers).

### **Consultation**

6 This report is part of the ongoing consultation with stakeholders on priorities for internal audit and counter fraud work.

### **Options**

7 Not relevant for the purpose of the report.

### **Analysis**

8 Not relevant for the purpose of the report.

### **Council Plan**

9 The work of internal audit and counter fraud supports overall aims and priorities by promoting probity, integrity and honesty

and by helping to make the council a more effective organisation.

### **Implications**

10 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

### **Risk Management Assessment**

11 The council will fail to comply with proper practice if counter fraud arrangements are not based on an appropriate assessment of risk.

### **Recommendations**

12 Members are asked to;

- comment on the fraud risk assessment set out in Annex 1, and proposed priorities for counter fraud work set out in the Annex and at paragraph 5.

#### Reason

*To ensure that scarce audit and counter fraud resources are used effectively.*

## Contact Details

**Author:**

Max Thomas  
Head of Internal Audit  
Veritau Limited  
Telephone: 01904  
552940

**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer & Business  
Support Services  
Telephone: 01904 551100

**Report  
Approved**



**Date**

31 January  
2013

## Specialist Implications Officers

Not applicable

**Wards Affected:** Not applicable

**All**



**For further information please contact the author of the report**

## Background Papers

- The Audit Commission – Protecting The Public Purse 2012
- The National Fraud Authority – Fighting Fraud Together
- Cipfa – Red Book 2 – Managing The Risk of Fraud

## Annexes

Exempt Annex 1 - Counter Fraud Risk Assessment