



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director Lead: Sanjiv Kohli, Deputy Chief Executive/Director of Resources (S151 Officer)

Lead Officer: Nick Wilson, Business Manager – Financial Services
Ext 5317

Report Summary	
Report Title	Fraud Risk Assessment
Purpose of Report	To inform Members of the update of the Fraud Risk Register undertaken during April 2022.
Recommendations	Members note the content of the report.
Reason for Recommendation	To promote a strong counter-fraud culture, it is important that Members are aware of the Council's fraud risks and the controls in place to mitigate them.

1.0 Background

- 1.1 A fraud risk assessment was first undertaken in June 2014 and a fraud risk register produced and presented to the Audit and Accounts Committee.
- 1.2 The fraud risks are reassessed annually and the register updated. The amended Fraud Risk Register as at April 2022 is attached at Appendix A.

2.0 Work Undertaken

- 2.1 All of the existing risks have had an in depth review by the Business Manager – Financial Services, Gillian Martin (Principal Investigator Assurance Lincolnshire) and the risk owner. These were all considered as to whether there are new fraud types within the risk and whether the controls reflected the current environment.
- 2.2 The risk scores were then reviewed to determine whether the impact or likelihood of any of the frauds occurring has changed since the last review.

- 2.3 The final part of the exercise was to consider whether any further actions were appropriate which would lead to further controls being in place. These further actions are measureable and were given a timeframe for completion.

3.0 Results

- 3.1 There are 22 areas of the Council that are deemed to have a fraud risk. The type of risk is dependent on the service. Based on the existing controls, of those risks, seven are currently considered to be medium risk (amber) and fifteen are low risk (green).

- 3.2 During the assessment process, it was felt that three of the risk scores needed to change from the assessment carried out during February 2021. The three that changed were:

Bank Fraud – the controls that are in place mitigate the current risk hence it is felt this is now at its target risk score.

Electoral Fraud (Registration) – As all controls have been put in place, and no further actions have been identified, it is felt that this is now at its target risk score.

Employment Fraud (Recruitment) – It was felt that as there were further actions identified to be completed, and with the impact of the cost of living increases (which could mean officers take second jobs which they don't declare) the likelihood of this risk occurring may increase.

- 3.3 Further actions have been identified, some which are specific to the risk itself, whereas there are some actions which are holistic and overarch a number of the fraud risks. The details of all of the actions together with completion by dates are included within the appendix.
- 3.4 Thirteen of the risks have achieved their target score. For the nine that are still above the target score, there are actions in place to mitigate further.
- 3.5 The Fraud Risk Register will be updated and reported to the Committee annually. The risks, controls, current risk scores and target scores, and further actions, will be added to the Pentana system to ensure regular monitoring is undertaken. Progress on implementing further actions will be reported in the bi-annual Counter-Fraud activity report to the Committee.

4.0 Equalities Implications

None.

5.0 Financial Implications (FIN22-23/4959)

- 5.1 The further actions detailed in the Fraud Risk Register can be achieved without impacting on current Council budgets. Fraud, if it occurs, could be a serious drain on the Council's resources.

Background Papers and Published Documents

None.