

AUDIT & ACCOUNTS COMMITTEE

24 APRIL 20189

FRAUD RISK ASSESSMENT

1.0 Purpose of Report

1.1 This report is to inform Members of the update of the Fraud Risk Register undertaken during January 2019.

2.0 Background Information

2.1 A fraud risk assessment was first undertaken in June 2014 and a fraud risk register produced and presented to the Committee.

2.2 The fraud risks are reassessed periodically and the register updated. The amended Fraud Risk Register as at January 2019 is attached at Appendix A.

3.0 Work Undertaken

3.1 All of the services provided by the Council have been reviewed to understand whether there are any new areas where fraud might occur. The types of fraud have also been considered to determine if there are any new risks to the Council.

3.2 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.

3.3 The number and values of transactions have been updated to reflect the 2017/18 financial year. Estimates of potential fraud losses have been calculated based on rates of fraud identified by the National Fraud Authority.

3.4 The final part of the exercise was to consider whether any new controls had been put in place during the year, whether the further controls identified last time had been implemented and whether there were any new controls that could be put in place to further reduce the risk.

4.0 Results

4.1 Eighteen areas of the Council's activities are considered to be at the risk of fraud, four of which have sub-categories within them. 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).

4.2 During the assessment process, it was felt that none of the risk scores needed to change from the assessment carried out during February 2018.

4.3 The further actions that have been implemented up to February 2019 which will help to mitigate fraud risks include:

Council Tax Support Scheme:

- Closer working – Council Tax and Housing to share intelligence and identify potential fraud opportunities

Council Tax Fraud:

- Closer working – Council Tax and Housing to share intelligence and identify potential fraud opportunities

Credit and Income Fraud:

- Discussions at Revenues and Benefits team meetings to raise fraud awareness in this area

4.4 There are a few new actions that need to be put in place:

- CPPRs require updating to reflect from March 2019 the Council will no longer have a dedicated procurement officer in post and the function will be provided by Welland Procurement;
- Future housing capital expenditure managed by Newark and Sherwood Homes is to be channelled through the Council's Proactis e-tendering platform;
- Annually the Business Manager – Commercialisation and Major Projects will review the contract management performance of a selection of key contracts;

4.5 Twelve of the risks have achieved their target score. For the ten that are still above the target score, in most cases this is due to the Council being able to do little to prevent the likelihood of the fraud occurring.

4.6 The Fraud Risk Register will be updated and reported to the Committee regularly. The risks, controls, current risk scores and target scores, and further actions, will be added to the Covalent 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.

5.0 Equalities Implications

5.1 There are no equality implications in the report.

6.0 Financial Implications (FIN19-20/2557)

6.1 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.

7.0 RECOMMENDATION

That Members note the content of the report.

Reason for Recommendations

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.

Background Papers

None

For further information please contact Nick Wilson on Ext 5317

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