

AUDIT AND RISK COMMITTEE

20TH January 2015

FRAUD RISK REGISTER

Report of the Director for Resources

STRATEGIC AIM:	All
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1. PURPOSE OF THE REPORT

- 1.1 To present a more comprehensive Fraud Risk Register, which has been developed since proposals were first discussed at Audit and Risk Committee in April 2014. This Register (set out at Appendix A) contains a list of areas where officers believe the Council is susceptible to fraud and will enable the Council to focus on suitable controls to mitigate any subsequent risk. The list at Appendix A has been derived from officers' views of potential risk areas which has taken into account the Council's own experience of risk, risk issues identified by other local authorities and risk highlighted in Audit Commission fraud guidance. The list has the following categorisation based on impact and likelihood of occurrence after controls have been applied:

Green – low risk
 Amber – medium risk
 Red – high risk

2. RECOMMENDATIONS

- 2.1 That the Audit and Risk Committee consider and endorse the Fraud Risk Register; and
- 2.2 That the Committee receive a quarterly update of any changes including details of any frauds occurred and actions taken to strengthen arrangements.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Part of delivering good governance as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Audit Commission is ensuring counter fraud arrangements are in place and operating effectively.
- 3.2 The Council has developed a Counter Fraud Strategy, which has been communicated to and is regularly reviewed by the Audit and Risk Committee. This approach requires the Council, through management,

to continuously assess those areas most vulnerable to the risk of fraud to help protect resources.

3.3 In developing a Fraud Risk Register, the Council will:

- Help Directorates to meet the requirements of the Counter Fraud Strategy
- Assess fraud risks, on a more formal basis, by identifying areas vulnerable to fraud and mitigating action taken through the provision of a robust control environment
- Strengthen the overall governance arrangements through the management of a comprehensive Register
- Enable the Council to demonstrate to internal and external audit, and other stakeholders, that it is fully aware of fraud risks and communicate these as required
- Help direct proactive work on countering fraud by management and Internal Audit.

4. RISK REGISTER

4.1 A Fraud Risk Register has been developed over recent months using the following strategy:

- Review of national information on potential fraud areas including information from CIPFA and the Audit Commission.
- Discussion with officers in Directorates to identify their view on fraud risk areas, controls in place and potential for developing further controls
- Benchmarking against Fraud Risk Registers produced by other Councils

4.2 Ownership of the Register will rest with the Strategic Management Team (SMT) with oversight through the Governance Group (who will report directly to SMT). However, individual Directors will take responsibility for reviewing and monitoring their own fraud risks.

4.3 Member oversight of the Register will be provided by the Audit and Risk Committee, who will be annually appraised of changes and other developments.

5. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The recommendation can be implemented immediately within minimal officer input.
Viability	Low	It is the Council's responsibility to effectively manage its risks identified in the report and if the Council does not manage those risks there is a likelihood that these risks could develop into major issues and could, or may result in: a) Possible action/intervention against the Council (legal or otherwise) b) Financial pressures c) Reputational damage
Finance	Low	There are no direct financial implications arising as a result of this report.
Profile	Low	There may be some public interest in the content but this is unlikely to be significant.
Equality and Diversity	Low	No impact assessment has been carried out as there are no direct implications.

Background Papers

Report No. 76/2014

Report Author

Diane Baker

Tel No: (01572) 722577

e-mail: enquiries@rutland.gov.uk

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.