

AUDIT AND RISK COMMITTEE

30 January 2018

FRAUD RISK REGISTER

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	Appendix A of this report contains exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Acting Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Audit and Risk Committee:

1. Notes the report and attached Fraud Risk Register at Appendix A, which provides an update on the Council's management of fraud risk.
2. Highlights any Fraud risks it wishes to be covered as part of a planned Internal Audit review due in 18/19.

1 PURPOSE OF THE REPORT

- 1.1 To present an update on the Council's Fraud Risk Register.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 In order to deliver good governance the Council must ensure that effective counter fraud arrangements are in place and operating appropriately. The Council has developed a Counter Fraud strategy, which has been communicated to and is reviewed by the Audit and Risk Committee. The Strategy involves the Council assessing those areas most vulnerable to the risk of fraud and ensuring the appropriate measures are in place to protect the Council and its assets.

- 2.2 Internal Audit are advising on a refresh of the Counter Fraud Strategy to ensure it reflects current best practice. This is likely to be presented to the Audit and Risk committee in April.
- 2.3 A Fraud Risk Register (attached at Appendix A) was developed in 2015. The Register contains a list of areas where officers believe the Council is susceptible to fraud and, in turn, has enabled the Council to focus on suitable controls to mitigate any risks associated with fraud. The contents of the Register have been reviewed with relevant teams/managers.
- 2.4 No new risks have been added. Minor amendments have been made to some controls and actions to ensure they are up to date.
- 2.5 The indicative Audit plan for 18/19 includes a deep dive into a sample of fraud risks. The Committee may wish to highlight areas or particular risks they wish to be considered.

3 THE RISK REGISTER

- 3.1 The Risk Register is now generated by our new Risk Management system and the summary report headings are as follows:

ID	Risk Location Owner/Manager	Causes	Consequences	Inherent to Residual	Update and review dates	Control Title & Owner	Action Title Owner Due Date
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- 3.2 ID – The Reference number for the risk.
- 3.3 Risk Location Owner/Manager – The name of the risk and the business area that owns the risk.
- 3.4 Causes – What could cause this risk to happen
- 3.5 Consequences – What is the likely effect of this risk, should it happen
- 3.6 Inherent to Residual – Diagram showing the effect of established controls and actions on the risk. It shows the direction of travel from Inherent Risk (i.e. the likelihood/impact of the risk without taking any controls or actions into consideration) to Residual Risk (the likelihood/impact of the risk taking controls and actions in place into consideration).
- 3.7 Update and review dates – This shows the dates when the risk was last reviewed. The update date (if it is shown) will be when the risk was added to the system. This column also shows when the risk is next due to be reviewed.
- 3.8 Control title and owner – Shows all of the controls associated with the risk and also a colour code for the ‘effectiveness’ of the control:
- Green – Excellent
 - Amber – Good
 - Red – Unsatisfactory
 - Grey – Unknown (not yet assessed)

3.9 Action Title – This column shows any outstanding actions for the risk, who owns the action and when it is currently estimated that it will be completed.

4 RISK ASSESSMENT

4.1 Each risk is assessed based on its impact and likelihood; these scores then reflect where the risk sits within the risk matrix:

IMPACT	Most Severe 4	30					
	Major 3	13,21	34,43	17			
	Moderate 2	25	16,18,20, 35,37,39, 45,46,47	14,15,19, 23,24,27, 28,33,36, 38,40,42, 44	26		
	Minor 1		22,29,41	31,32			
		Extremely Unlikely 1	Unlikely 2	Low 3	More Likely than Not 4	Very Likely 5	Extremely Likely 6
		LIKELIHOOD					

5 CONSULTATION

5.1 Lead officers for each fraud risk have been consulted as part of this Risk Register update.

6 ALTERNATIVE OPTIONS

6.1 This report provides an opportunity for the Audit and Risk Committee to review the Register therefore there are no alternative options.

7 FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising as a result of this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Council operates through a governance framework; this framework brings together an underlying set of legislative requirement, governance principles and management processes. The Register is part of the Council's approach to good governance and demonstrates compliance with the principles of such.

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment (EqIA) has been completed as this report provides an update for the Audit and Risk Committee and does not have an equality impact.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 Not applicable for the reasons set out above.

11 HEALTH AND WELLBEING IMPLICATIONS

11.1 Not applicable for the reasons set out above.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 The Register is an integral tool in the Council's approach to countering fraudulent activities; the Audit and Risk Committee are asked to note the developments.

13 BACKGROUND PAPERS

13.1 There are no additional background papers to the Report.

14 APPENDICES

14.1 Appendix A – Fraud Risk Register – exempt for publication.

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

Exempt Appendix – Appendix A is marked as “Not For Publication” because it contains exempt information as defined in paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972, namely the information relates to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.