Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 29 SEPTEMBER 2022
Report Number	AGENDA ITEM 12
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT FRAUD RISK STRATEGY
Wards affected	All indirectly
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: Mike.Evemy@cotswold.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To present the Audit Committee with a Fraud Risk Strategy, so that they may consider the approach taken by the Counter Fraud Partnership. To provide assurance to the Audit Committee that the risks of fraud committed against the Council are recognised, managed and mitigated for in accordance with Council priorities, and changing fraud trends.
Annexes	Annex A – Fraud Risk Strategy Annex B – Fighting Fraud and Corruption Locally Checklist (blank) Annex C – Government Functional Standard – GovS 013: Counter Fraud Checklist (blank)
Recommendation(s)	*That the Committee considers the Counter Fraud and Enforcement Unit Fraud Risk Strategy and associated work streams.*
Corporate priorities	Delivering our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	The Strategy has been shared with Governance Group and the Deputy Chief Executive.

1. BACKGROUND

1.1. Risk Management is used to identify, evaluate and manage the range of risks facing an organisation. This includes consideration relating to the risk of fraud.

1.2. Fraud is the most common crime in the UK and costs many billions of pounds to private companies, individuals and the public sector. Within Local Government this is estimated to be in the region of £2.1 billion per year. Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

2. MAIN POINTS

2.1. The Counter Fraud and Enforcement Unit (CFEU) has developed a Fraud Risk Strategy for implementation across the Counter Fraud Partnership, which includes Cotswold District Council. The Strategy, attached at Annex A, has been developed to comply with Government Functional Standards relating to counter fraud activities.

2.2. The Strategy sets out the definitions and motivations for fraud and the principles of risk management. Risk management and being 'risk aware' are vital to ensure the effective operation of the Council. The risk of fraud is ever present and it is impossible to identify or mitigate against all risks, however by being risk aware the Council is in a better position to avoid threats, develop processes that reduce the loss or impact, and increase its ability to recover.

2.3. The Strategy identifies the high risk areas that Local Government is susceptible to, both internally and externally. It also details the types of response methods and refers to the specific fraud response recommended for Local Government. These principles underpin the Council's plan.

2.4. As set out within the Strategy, the CFEU work with SWAP (Internal Audit) to provide resilience and resource in prevention, detection, response and review of detected fraud and fraud risks.

2.5. Annexed to the Strategy, and attached to this report as Annex B and C, are the Fighting Fraud and Corruption Locally Checklist and the Government Functional Standard GovS 013 Checklist. These set out best practice recommendations. The CFEU will complete these in consultation with SWAP to inform areas for improvement or for inclusion on the work plan.

2.6. In addition to the completion of the checklists, the CFEU will implement a series of service area reviews with the Deputy Chief Executive approval to identify specific fraud risks within each Council service area or department. This will include considering national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation.

2.7. A Service Specific Risk Register will then be developed with overall risks score that can be assessed, monitored and reviewed. This element of the CFEU annual work plan will be developed according to priority – high risk service areas will be addressed first.

2.8. The CFEU have reviewed and completed the Serious and Organised Crime Checklist as part of the annual work plan. Elements of this checklist are no longer applicable to the Council, and awareness relating to the risks posed by Serious and Organised Crime is now embedded within the organisation.

2.9. It is therefore proposed that the service specific Serious and Organised Crime risks will be transferred to the relevant service or departmental risk registers and the overarching principles will be considered within the Fraud Risk Strategy. The Serious and Organised Crime checklist will be discontinued as it is no longer required.

3. FINANCIAL IMPLICATIONS

3.1. The strategy itself does not have any direct financial implications as a result of this report. However the implementation of the work streams associated with the Fraud Risk Strategy will help identify loss avoidance measures and any costs associated with implementation will be contained within existing budgets.

4. LEGAL IMPLICATIONS

4.1. The Fraud Risk Strategy aids the application of an effective fraud risk management regime and assists the Council in effective financial governance which is less susceptible to legal challenge.

5. RISK ASSESSMENT

5.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

5.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

6. EQUALITIES IMPACT

6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

7. ALTERNATIVE OPTIONS

7.1. None.

8. BACKGROUND PAPERS

8.1. None.

(END)