

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

16 APRIL 2024

Report Title	Counter Fraud and Enforcement Unit Fraud Risk Strategy			
Purpose of Report	To present the Audit and Standards 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.			
Decision(s)	The Committee RESOLVES to consider the Counter Fraud and Enforcement Unit Fraud Risk Strategy and associated work streams.			
Consultation and Feedback	The Strategy has been shared with Governance Group which includes the Strategic Director of Resources and the Monitoring Officer.			
Report Author	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk			
Options	The service is a specialist criminal enforcement service working with the Gloucestershire Local Authorities, West Oxfordshire District Council and the Strategy has been introduced across the Partnership.			
Background Papers	None.			
Appendices	Appendix 1 – Fraud Risk Strategy Appendix 2 – Fighting Fraud and Corruption Locally Checklist (blank) Appendix 3 – Government Functional Standard – GovS 013: Counter Fraud Checklist (blank) on Policy.			
Implications (further details at the end of report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1. Stroud District Council has joined the Counter Fraud and Enforcement Unit Partnership and as such a number of Policies and Strategies will be introduced.
- 1.2. 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.
- 1.3. 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.

- 1.4. In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.
- 1.5. The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

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 Stroud District Council. The Strategy, attached at Appendix 1, 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 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 Appendix 2 and 3, 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 Internal Audit 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 Strategic Director of Resources 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 the Home Office Serious and Organised Crime Local Government Checklist and has worked to raise awareness relating to the risks posed by Serious and Organised Crime. 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.

3. CONCLUSION

- 3.1 The Counter Fraud and Enforcement Unit Fraud Risk Strategy is the first part of the partnership fraud risk work stream.

4. IMPLICATIONS

4.1 Financial Implications

- 4.1.1 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.

Andrew Cummings, Strategic Director of Resources
Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

- 4.2.1 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.

One Legal
Email: legalservices@onelegal.org.uk

4.3 Equality Implications

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

4.4 Environmental Implications

- 4.4.1 There are no significant implications within this category.