

REPORT TO:	Audit Committee
REPORT NO:	HF/68/17
DATE:	27 July 2017
LEAD OFFICER:	Head of Finance
CONTACT OFFICER:	David Stewart (Tel: 292738)
SUBJECT:	Internal Audit - Annual Counter Fraud Report, 2016-17
WARD:	N/A

1. PURPOSE OF THE REPORT

To consider the Counter Fraud Report 2016-17.

2. EXECUTIVE SUMMARY

2.1 The Audit Committee's functions, as set out in the Council's constitution, include the requirements to:

- a) "review the assessment of fraud risks and potential harm to the council from fraud and corruption",
- b) "monitor the counter-fraud strategy, actions and resources".

2.2 The attached report (Appendix 1) summarises national fraud trends, including local government, assesses the effectiveness WCBC's counter fraud arrangements and summarises the incidence of fraud at the Council in the year ending 31 March 2017.

2.3 The Audit Committee should use this report to gain assurance regarding the risk of fraud to the Council and the robustness of Council's Counter-Fraud arrangements.

3 RECOMMENDATIONS

3.1 That the Audit Committee notes the report and accepts the assurance evidence provided.

REASON FOR RECOMMENDATION

To enable the Audit Committee to discharge its functions as set out in the Council's constitution.

4. BACKGROUND INFORMATION

- 4.1 The Interim Internal Audit reports, which are received by the Audit Committee on a regular basis through the year, contain summaries of reported and proven frauds. They also outline control weaknesses that may have allowed frauds to occur or may have increased the risk of fraud.
- 4.2 This report provides further information on those frauds and also assesses the current risk of fraud to the Council using information from national sources. It also assesses the effectiveness of the Council's arrangements for preventing, deterring and detecting fraud.
- 4.3 The report concludes that:
- a. nationally, the inherent risk of fraud remains significant and is growing,
 - b. there is little evidence that the incidence of fraud is currently a major problem at the Council or that it is increasing significantly,
 - c. it remains essential that the risk is regularly re-assessed,
 - d. counter fraud procedures at the Council are generally in line with good practice and are currently considered to be proportionate to the risk.
- 4.4 It remains essential that every effort is made to mitigate risks effectively. In particular, this means that Heads of Department must ensure that control processes are effective and that managers and employees are sufficiently aware of fraud risks and of their responsibilities if possible frauds are identified.

5. IMPLICATIONS

- 5.1 **Policy Framework** – The Counter Fraud report supports the Council Plan Objective 02' Supporting a resilient Council' by having robust counter fraud arrangements in place.
- 5.2 **Budget** – there are no budget implications resulting from this report.
- 5.3 **Legal** – there are no legal issues resulting from this report.
- 5.4 **Staffing** – there are no staffing implications resulting from this report.
- 5.5 **Equality/Human Rights** – Members are advised to consider the full Equality Impact Assessments which are available at http://vmwinsqld/equalityisalive/Menu.aspx_report_numbers_FIN/EIA00053/2016. Members of the public can request a copy of the full Equality Impact Assessment from the Contact Officer named in the header box of this report. A summary of the Equality Impact Assessment is attached as Appendix 2.
- 5.6 **Risks** – the risks to the Council of fraud are detailed in the report. There are no additional risks to the Council as a result of this report.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
Interim Audit Reports		Website (Audit Committee)
Protecting the English Public Purse		teiccaf/protecting-english-public-purse
Fighting Fraud and Corruption Locally 2016–2019 strategy		Fighting Fraud and Corruption Locally CIPFA
Counter Fraud & Corruption Tracker (CIPFA)		CIPFA - Fraud-and-corruption-tracker
CIPFA Code of Practice – Counter Fraud		The CIPFA Code of Practice for counter fraud CIPFA
Financial Regulations (Financial Procedure Rules and Contract Procedure Rules)		The Constitution - WCBC (Part 4)
Internal Audit Charter 2016-17		Audit Committee Agenda 23 March 2017