

**[Council Name]**

**FRAUD RISK REVIEW**

**[date]**

# FRAUD RISK REVIEW – SUMMARY REPORT AND ACTION PLAN

## 1. INTRODUCTION

The Council approved its new Anti-Fraud, Bribery and Corruption Strategy on [insert date]. The strategy outlines how the Council manages the risk of fraud, bribery and corruption through existing governance structures, policies, procedures and control processes, and how these are to be augmented with a variety of proactive counter fraud measures that are intended to develop and embed a strong anti-fraud culture.

The strategy is not just concerned with reactive operational activity to detect and investigate fraud, bribery and corruption, but it also sets out the objectives for pro-active actions to deter and prevent fraud and corruption through the development of an anti-fraud and corruption culture and a strong system of internal controls and reviews.

Underpinning the approach adopted by the Council is [\*The Local Government Fraud Strategy: Fighting Fraud Locally \(Department for Communities and Local Government, 2011\)\*](#) and [\*The CIPFA Code of Practice on Managing the Risk of Fraud \(CIPFA, 2011\)\*](#) which underpins five key elements as the foundations of an effective anti-fraud framework. One of these key elements is to identify the fraud and corruption risks.

The Council is committed to the maintenance of a robust framework of procedures and policies, which are designed to combine and act proactively as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud, bribery or corruption.

[\*The CIPFA Code of Practice on Managing the Risk of Fraud\*](#) recommends that Councils evaluate their fraud exposure, in order to allocate resources to combat fraud more effectively.

## 2. FIELDWORK COMPLETED

Workshop style meetings were conducted with each service manager in order to:

- Establish, document and assess the Council's operational exposure to the risk of fraud, bribery and corruption.
- To consider the adequacy of the controls in place to mitigate those risks (exposures).
- To establish and document any further actions required to improve the effectiveness of the Council's arrangements for minimising the Council's operational exposure to the risk of fraud, bribery and corruption.
- To record the risks identified, the mitigating controls, and further actions required, within the Council's operational risk registers.

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### **3. SUMMARY OF RESULTS**

The Council's controls have been assessed as [insert] to the risks identified and a [insert] level of assurance can be provided. There are [xx] risks which have been assessed as being Medium, and [xx] which have been assessed as being High. Further detail of these risks, as well as the additional actions planned, are provided at Pages [x to x]. It should be noted that in some instances, there are no further actions proposed despite the risk being assessed as Medium. This is because it is considered that additional controls in these areas would not significantly reduce the likelihood of fraud/ theft/ bribery/ corruption occurring or the impact of that event.

It should also be noted that the mitigating controls identified by managers have not been audited as part of this review. As such, the results of this review should not be interpreted as providing a guarantee to the Council that fraud will not take place in any given area of operations. Fraud risks are, however, considered during the planning stage of all audit assignments and testing plans are developed accordingly.

### **4. NEXT STEPS**

Implementation of the further actions arising from the fraud risk review will be monitored by the [INSERT] team.

Fraud risks will be considered again when the internal audit plan is developed for 20XX/XX and, where appropriate, proactive counter fraud, bribery and corruption audit testing will be incorporated within the audit plan.

**SUMMARY OF HIGH AND MEDIUM LEVEL FRAUD RISKS AND ASSOCIATED ACTIONS – Example areas to consider (not exhaustive)**

Service Area	Risk	Controls in Place	Risk Score	Further Action Required?	Responsible Officer and Target Date
e.g. Corporate	e.g. Misuse of the flexi-time system				
e.g. ICT	e.g. Misuse of system data by IT officers for personal gain				
e.g. Community & Projects	e.g. Fraudulent applications for grants/potential lottery monies by charities and voluntary organisations				
e.g. Property Repairs	e.g. Theft of time (operatives not working when they should be)				
e.g. Revenues	e.g. False information declared by council tax or NDR customers				
e.g. Commercial Regulation	e.g. Staff accept bribes in return for overlooking health and safety breaches by businesses				
e.g. Customer Services Team	e.g. Officers deliberately misuse or sell personal data for personal gain				
e.g. Finance	e.g. Employees divert payments to their own accounts				

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e.g. Finance	e.g. Officers or Members submit false mileage or expense claims				
e.g. Procurement/finance	e.g. Suppliers deliberately submit false or duplicate invoices for payment				
e.g. Finance	e.g. Employee amends the Council's bank account details to divert income to their own bank account				
e.g. Refuse and Recycling	e.g. Officers accept bribes to dispose of excess trade/bulky waste				