

Cheltenham Borough Council
Audit Committee – 11 January 2017
Counter Fraud Unit Update

Accountable Member	Cabinet Member Corporate Services, Councillor Roger Whyborn
Accountable Officer	Paul Jones Chief Finance Officer Paul.Jones@cheltenham.gov.uk
Report Author	Emma Cathcart Counter Fraud Team Leader 01285 623356 Emma.Cathcart@cotswold.gov.uk
Ward(s) affected	All indirectly
Key/Significant Decision	No
Executive summary	<p>The purpose of the report is to present the Audit Committee with a summary of the activity undertaken by the Counter Fraud Unit in order to provide assurance over the counter fraud activities of the Council.</p> <p>Following the successful DCLG bid to fund the set-up of a Gloucestershire wide Counter Fraud Unit, the team has been undertaking feasibility work (both strategic and operational) on behalf of a number of Gloucestershire Authorities, West Oxfordshire District Council and Cheltenham Borough Homes.</p> <p>The attached summary is a final overview of the feasibility work carried out by the Counter Fraud Unit during the pilot period which ends on 31 March 2017.</p> <p>Cabinet approved the Authority's participation in the establishment of a permanent Counter Fraud Unit on 6 December 2016.</p> <p>Subject to decisions at other partner Council's, the Counter Fraud Unit will be a permanent support service from 1 April 2017 serving the partner Councils across the region including Cheltenham Borough Council.</p> <p>Work plans for 2017/2018 will be agreed with Service Managers reviewing high risk areas within which the team can assist.</p> <p>The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually, for Cheltenham Borough Council this will be at the March and September meetings.</p>
Recommendations	<p>That Audit Committee:</p> <p>Notes the update and makes comment as necessary.</p>

Financial implications	As detailed within the report and Appendix 2. Contact Officer: Paul Jones, S151 Officer Paul.Jones@cheltenham.gov.uk
Legal implications	None specific arising from the report recommendation. Contact officer: Peter Lewis, One Legal peter.lewis@tewkesbury.gov.uk
HR implications (including learning and organisational development)	No direct HR implications arising from the content of this report. Contact officer: Julie McCarthy, HR Manager (West) Julie.mccarthy@cheltenham.gov.uk
Key risks	If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.
Corporate and community plan Implications	In administering its responsibilities; this 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. 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.
Environmental and climate change implications	N/A
Property/Asset Implications	There are no property implications associated with this report. Contact officer: David Roberts, Head of Property Services david.roberts@cheltenham.gov.uk

1. Background

- 1.1. In February 2015 Audit Cotswolds was successful in the Bid for £403k funding from Department of Communities and Local Government (DCLG) on behalf of the Local Authorities in Gloucestershire and West Oxfordshire District Council. The funding is a one off payment to enable the introduction of a Gloucestershire wide Counter Fraud Unit that is able to use data matching to gather intelligence and skilled investigators to help counter all forms of fraud against the Councils and Social Housing Providers in the region.
- 1.2. Following the successful DCLG bid the team has been undertaking feasibility work (both strategic and operational) on behalf of a number of Gloucestershire Authorities, West Oxfordshire District Council and Cheltenham Borough Homes.
- 1.3. The attached summary is a final overview of the feasibility work carried out by the Counter Fraud Unit during the pilot period which ends on 31 March 2017.
- 1.4. A business case has been presented across the partner authorities to reflect the financial sustainability of creating a permanent Counter Fraud Unit.
- 1.5. Audit Committee were asked to review the business case on 21 September 2016 and subsequently Cabinet approved the Authority's participation in the establishment of a permanent Counter Fraud Unit on 6 December 2016.

- 1.6. Subject to decisions at other partner Council's, the Counter Fraud Unit will be a permanent support service from 1 April 2017 serving the partner Councils across the region including Cheltenham Borough Council.
- 1.7. Work plans for 2017/2018 will be agreed with Service Managers reviewing high risk areas within which the team can assist. This process has commenced.
- 1.8. The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually; for Cheltenham Borough Council this will be at the March and September meetings.
- 1.9. Future reports will be more specific in relation to work being undertaken for Cheltenham Borough Council to ensure the Committee is updated on progress accordingly.

Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Counter Fraud Unit Update
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Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	The authority suffers material loss and reputational damage due to fraud	Chief Finance Officer	December 2014	3	3	9	Reduce	Introduce a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	March 2017	Chief Finance Officer	
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	PJ	September 2016	3	4	12		Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Ongoing	Chief Financial Officer	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											