



## **GOVERNANCE AND AUDIT COMMITTEE - 8<sup>TH</sup> OCTOBER 2024**

**SUBJECT:     AUDIT WALES REVIEW OF COUNTER-FRAUD ARRANGEMENTS -  
                  CAERPHILLY COUNTY BOROUGH COUNCIL**

**REPORT BY:   HEAD OF FINANCIAL SERVICES AND S151 OFFICER**

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### **1.     PURPOSE OF REPORT**

1.1    To present the Governance and Audit Committee with the Audit Wales report on its review of counter-fraud arrangements in Caerphilly CBC.

### **2.     SUMMARY**

2.1    Audit Wales has undertaken a review of counter-fraud arrangements in Caerphilly CBC and its report is attached at Appendix 1.

2.2    The Audit Wales report has identified a number of weaknesses in the Council's counter-fraud arrangements and sets out a number of recommendations that have been accepted in full by management.

2.3    Details of the recommendations are set out in in the organisational response form attached at Appendix 2. The organisational response form also includes details of completion dates for agreed actions and the responsible officer.

### **3.     RECOMMENDATIONS**

3.1    The Governance & Audit Committee is asked: -

3.1.1   to consider and comment upon the content of the Audit Wales report; and

3.1.2   to note that the Audit Wales recommendations have been accepted by Officers and progress will be reported to the Governance and Audit Committee through the existing six-monthly Regulator Recommendation Tracker Progress Update Report.

### **4.     REASONS FOR THE RECOMMENDATIONS**

4.1    To ensure that the Governance and Audit Committee is aware of the review work undertaken by Audit Wales and the resultant findings, conclusion, recommendations, and agreed actions.

## **5. THE REPORT**

- 5.1 The Auditor General for Wales published a report in 2020, 'Raising Our Game – Tackling Fraud in Wales' (link in background papers below), which made 15 recommendations to public bodies in Wales.
- 5.2 Audit Wales has subsequently undertaken a local review of counter-fraud arrangements in Caerphilly CBC to assess progress in responding to these recommendations as part of its work to review if the Council has put in place proper arrangements to secure value for money in the use of resources.
- 5.3 Overall, Audit Wales has concluded in its review report (attached at Appendix 1) that the Council lacks appropriate counter-fraud arrangements, which exposes it to increased risks of fraud and it has not addressed the Audit General's previous recommendations in this area.
- 5.4 The 15 recommendations made by the Auditor General for Wales in 2020 remain valid and although an action plan was presented to the Governance & Audit Committee in October 2022 (link in background papers below), the Council has not addressed the recommendations. In the report attached at Appendix 1 Audit Wales has also made one further recommendation as follows: -

The Council should urgently strengthen its counter-fraud arrangements, in particular: -

- Ensuring that the risk of fraud is properly assessed.
  - Producing a fraud response plan.
  - Improving its monitoring arrangements.
  - Updating its policy framework.
  - Providing training to staff appropriate to their role.
- 5.5 The Audit Wales recommendations have been accepted in full by management and the organisational response form attached at Appendix 2 sets out details of actions to address the recommendations, completion dates, and the responsible officers.
- 5.6 The recommendations to undertake a fraud risk assessment and to produce a fraud response plan have been addressed by management and reports are included separately on today's agenda for consideration by the Governance and Audit Committee.
- 5.7 The remaining actions will be completed in line with the agreed completion dates in Appendix 2 of this report.

## **6. ASSUMPTIONS**

- 6.1 There are no assumptions in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An Integrated Impact Assessment is not required for this report.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 Whilst instances of known fraud are low in the Council, it is acknowledged that addressing the recommendations in the Audit Wales report will provide a more robust counter-fraud framework that will reduce the risk of potential financial losses arising from fraud.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no direct personnel implications arising from this report.

## **10. CONSULTATIONS**

- 10.1 There are no consultation responses that have not been reflected in this report.

## **11. STATUTORY POWER**

- 11.1 Local Government Acts 1972 and 2003.

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Appendices:

Appendix 1 – Audit Wales Report, Counter-Fraud Arrangements, Caerphilly CBC  
Appendix 2 – Organisational Response Form

Background Papers:

[‘Raising Our Game’ Tackling Fraud in Wales \(audit.wales\)](#)

[Governance & Audit Committee \(11/10/22\) - Anti-Fraud Action Plan](#)