

Fraud Risk – Fraud Policy Statement & Fraud Response
Plan & Update on Management of Fraud Risk

Disclosable

Meeting	Agenda Item	Reference No
11/12/09	19	HEFCW/09/114

1 Issue

- 1.1 To date, fraud as an issue has been addressed by HEFCW by the inclusion of two pages in our Financial Regulations together with an appendix detailing how a fraud investigation should be carried out and by whom the resulting reports are to be considered. This paper includes two documents, the 'Fraud Policy Statement' (Annex A) and the 'Fraud Response Plan' (Annex B) which were discussed and agreed by the Audit & Risk Committee on 8 October 2009. These documents replace the current sections in the Financial Regulations on fraud and cross references to them are made within the Regulations instead (see separate paper at this meeting).

2 Rationale for paper

- 2.1 As part of HM Treasury's 'Managing Public Money' (the document setting out the main principles for dealing with resources used by public sector organisations in the UK), its section on Fraud states that each organisation's response to fraud risk should involve developing a Fraud Policy Statement and a Fraud Response Plan. HEFCW is therefore separating these aspects of its management of fraud risk from its Financial Regulations and will use these as a basis for developing and promoting an anti-fraud culture within the organisation and establishing and embedding its fraud risk register as part of its routine procedures for the management of risk as a whole.

3 Recommendation

- 3.1 The Council is invited to:
- i. Approve the Fraud Policy Statement and Fraud Response Plan; and
 - ii. note that an annual corporate fraud risk register will be presented annually, first to the Audit & Risk Committee and then to Council, commencing in 2010.

4 Timing for decisions

- 4.1 Approval of the two new Fraud documents attached is required at this meeting as they replace the previous 'fraud' section of HEFCW's Financial Regulations, which are due to be approved at this meeting as part of the annual corporate governance review.

5 Council members' interests

5.1 No conflicts of interests have been declared in advance of the meeting.

6 Further information

6.1 Further information can be obtained from Nick Williams (Tel 029 20682299 ; E-mail: nick.williams@hefcw.ac.uk.)

7 Background

- 7.1 In addition to the principles of fraud risk management set out in HM Treasury's 'Managing Public Money', further guidance is set out in 'Managing the Risk of Fraud', a document also produced by the Treasury. Based upon our review of the latest draft of this guide, which is due to be finalised in the near future, HEFCW will be further developing its fraud risk management procedures in the coming months.
- 7.2 The reporting of suspected fraud by staff is already addressed by our existing 'Whistleblowing' policy.

8 Other issues

- 8.1 The establishment of a separate 'Fraud Policy Statement' and a 'Fraud Response Plan' will assist HEFCW in raising the profile of the anti-fraud measures already in place and help promote with staff, the importance of considering fraud as an integral part of our overall risk management strategy.
- 8.2 A full review of fraud risk will be carried out by each HEFCW team over the coming months with each assessing the organisation's vulnerability to fraud, identifying the areas of activity most vulnerable to fraud and finally, evaluating the scale of fraud risk. A Corporate fraud risk register will be presented to the Audit & Risk Committee in March 2010 and thereafter to Council for discussion.
- 8.3 It is proposed that HEFCW carries out a self-assessment of its actions to counter fraud and corruption and also reports to the next Audit & Risk Committee meeting in March 2010. The self-assessment will be based upon the document 'Managing the Risk of Fraud' produced by the CIPFA Better Governance Forum (see Annex C attached). This will enable us to gauge our rate of progress in putting arrangements in place to counter fraud and corruption.

9 Next steps

- 9.1 The establishment of procedures to set up a separate corporate fraud risk register for HEFCW.
- 9.2 The completion of a self-assessment of HEFCW's arrangements to counter fraud and corruption in order to report progress to the next Audit & Risk Committee meeting in March 2010.

10 Financial implications

- 10.1 There are no financial implications arising from this paper.

11 Communications implications

- 11.1 There are no communications implications arising from this paper.

12 Diversity and Equal Opportunities implications

12.1 This paper has no implications for age, disability, gender, race, religious belief, sexual orientation or the Welsh language.

13 Risk Assessment

RISK	ACTION TO ADDRESS RISK
HEFCW does not comply with public sector governance requirements to put in place arrangements for preventing, countering and dealing with fraud.	The development of a Fraud Risk Statement and a Fraud Response Plan as part of HEFCW's arrangements to prevent, counter and deal with fraud.

14 Further information

For further information contact Nick Williams (Tel 029 2068 2299; e-mail: nick.williams@hefcw.ac.uk).