

Fraud risk assessment – Direct enquiry areas for Council members

Fraud enquiries: Those charged with governance

Specific enquiries	Response
Role in relation to fraud	
What role do those charged with governance] have in monitoring management's exercise of its fraud prevention responsibilities?	<p>The Assurance, Risk and Finance Committee has this governance role. In this role the committee:</p> <ul style="list-style-type: none"> • ensures the appropriate financial accounting and disclosure requirements are in place • approves independent external financial audit appointment • receives direct reporting by the external financial auditor to the committee with external auditor lead staff excluded discussion with elected members <p>other third party audits (BCA, Food) are by regulatory agencies with outcomes reported to the Regulatory Compliance Committee. These audit recommendations are entered into the central audit log for monitoring and reporting by the Assurance and Audit Specialist to the Assurance, Risk and Finance Committee</p> <ul style="list-style-type: none"> • reviews and approves internal audit and assurance work programme • receives direct reports from the internal Assurance and Audit Specialist including progress to close out third party and internal audit findings and recommendations • participates in the risk management governance including identification risks on the top organisational risk dashboard • receives direct top organisational risk progress reports
How does management communicate identified fraud risks? How do they provide assurance that anti-fraud controls are in place and operating?	<p>Management communicates identified fraud risk to the Assurance, Risk and Finance Committee.</p> <p>Assurance that anti-fraud controls are in place is provided, to this committee, through the internal audit and assurance function and the external third party audits.</p>

Specific enquiries	Response
<p>If a fraud risk assessment has been completed, what input did those charged with governance have?</p> <p>Do you consider that the fraud risk assessment was a robust process?</p>	<p>Fraud was assessed as a risk by the Assurance, Risk and Finance Committee in 2018. With the controls, already in place, fraud was not prioritised as a top organisational risk.</p>
<p>How are those charged with governance informed of actual, suspected or alleged frauds?</p>	<p>Sponsored by the General Manager Corporate Services the Transformation & Assurance team report investigated and proven fraud events to the Assurance, Risk and Finance Committee.</p>
Actual, suspected, or alleged frauds	
<p>Have any frauds been identified or are there any suspected or alleged frauds?</p>	<p>Yes. In the last 12 months one fraud lessons learned report was presented, on the 12 Feb 2020, to the Assurance, Risk and Finance Committee agenda.</p>
<p>For any identified frauds, were these investigated by management and have the results of the investigation been reported to those charged with governance?</p> <p>How did the fraud occur? How was it identified? What happened to fraudster, how much was involved and were any monies or assets recovered?</p>	<p>In December 2019 FNDC was affected by a fraudulent request for a bank account number to be changed. This request originated from one of our contractors, Conhur Ltd (sludge dewatering specialist company). Their IT and email systems had been maliciously hacked by an unknown party.</p> <p>A payment for a legitimate invoice was made to Conhur Ltd for \$100,600.30 using Conhur Ltd's new (fraudulent) bank account details.</p> <p>This event was reported to the Police who subsequently opened their own investigation.</p>