

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

16 MARCH 2026

COUNTER FRAUD FRAMEWORK REPORT

1.0 PURPOSE OF THE REPORT

- 1.1 To note the results of the annual fraud risk assessment and actions in the counter fraud development plan.
- 1.2 To seek Member approval for the 2026/27 counter fraud work plan.
- 1.3 To seek Member approval for the updated Whistleblowing Policy to take effect from 6 April 2026

2.0 BACKGROUND

- 2.1 Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau is engaged to deliver a counter fraud service for the Council. The service is intended to help mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected
- 2.2 The Council can reduce the impact of fraud by managing fraud risk through robust policy and procedure. It is considered best practice to regularly review fraud risk and strengthen counter fraud arrangements to meet it

3.0 COUNTER FRAUD FRAMEWORK

- 3.1 The 2026/27 Counter Fraud Plan, contained in **appendix 1**, updates the Council's fraud risk assessment, evaluates the counter fraud policy framework, and sets priorities for the development of counter fraud work in the coming financial year.
- 3.2 The identification of potential fraud threats is key to assessing the Council's current exposure to risk. If fraud risk is not regularly reviewed and action is not taken to address it, then the Council's exposure to fraud will increase as will potential losses. The assessment is designed to identify the areas of fraud that present the greatest risk to the Council and is informed by national and regional reports of fraud affecting local authorities. The results of the assessment will be used to focus future audit and counter fraud work and to help develop or strengthen fraud prevention measures.
- 3.4 The Counter Fraud Plan includes a number of actions that link to the Fighting Fraud and Corruption Locally national guidance for local authorities, and a work plan that provides a high-level overview of the areas of work for the coming year.

3.5 To remain consistent with changes to whistleblowing legislation as part of the Employment Rights Act 2025, the Council's Whistleblowing Policy requires updating. The updated Whistleblowing Policy reflects new legislation relating to the protected disclosure status of sexual harassment reports and is attached as **appendix 2**. The policy has also been amended to take account of recent tribunal decisions. The new policy should take effect from 6 April 2026, when the new legislative provisions come into force.

4.0 **IMPLICATIONS**

4.1 There are no local member, financial, human resources, legal, equalities or climate change implications.

5.0 **RECOMMENDATIONS**

Members are asked to:

- note the results of the annual fraud risk assessment actions in the counter fraud development plan
- approve the 2026/27 counter fraud work plan
- approve the updated Whistleblowing Policy to take effect from 6 April 2026

MAX THOMAS
Head of Internal Audit

16 March 2026

BACKGROUND DOCUMENTS

None

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