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| Report to       | <b>Audit Committee</b>  |
| Date            | <b>15 September 2025</b>                                      |
| Lead Officer    | <b>ACFO Helen MacArthur</b>                                   |
| Contact Officer | <b>Elgan Roberts, Head of Finance</b>                         |
| Subject         | <b>The Economic Crime and Corporate Transparency Act 2023</b> |



## PURPOSE OF REPORT

- 1 To provide the Audit Committee with assurance that North Wales Fire and Rescue Service (the Service) is compliant with the new statutory offence of failure to prevent fraud under the Economic Crime and Corporate Transparency Act 2023, and to outline the controls, training, and governance mechanisms in place to mitigate fraud risk.

## EXECUTIVE SUMMARY

- 2 The Economic Crime and Corporate Transparency Act 2023 (the ECCTA 2023) introduces a new corporate offence for failure to prevent fraud from the 1 September 2025.
- 3 The Service has reviewed its governance framework and implemented proportionate procedures to prevent fraud, including updated financial controls, procurement transparency, risk register enhancements, and targeted fraud awareness training. These measures provide assurance that the Service is meeting its obligations under the Act.

## RECOMMENDATION

- 4 It is recommended that Members:
  - i) **Note the Service's compliance with the ECCTA 2023 fraud prevention duty; and**
  - ii) **Note the current suite of anti-fraud controls and training.**

## BACKGROUND

- 5 The ECCTA 2023 introduces a new offence whereby large organisations can be held criminally liable if they fail to prevent fraud committed by employees or associates for the organisation's benefit.

- 6 Under ECCTA 2023, organisations that have more than 250 employees and over £36 million turnover or £18 million in assets are in scope. The Service meets these thresholds and is therefore subject to the new legislation.

## **INFORMATION**

- 7 The Service maintains a minimal and cautious risk appetite in relation to legal and financial risks. This is reflected in its commitment to regular review and refinement of internal processes, and in ensuring ongoing compliance.
- 8 The Service's risk register has been updated to reflect mitigations for fraud-related risks. The gross risk score was 16 (high), but following the implementation of controls embedded within systems, workflows, and policies, the current risk score has been reduced to 9 (medium-high).
- 9 Improvements are driven by findings from peer reviews, internal audit recommendations, and external audit scrutiny. These mechanisms ensure the Service remains responsive to emerging threats and sector best practice, while maintaining proportionate and robust financial controls.
- 10 The Service has implemented a suite of proportionate procedures to meet its statutory obligations under the ECCTA 2023, specifically the offence of failure to prevent fraud. These procedures are designed to deter, detect, and respond to fraudulent activity committed by employees or associates for the organisation's benefit.
- 11 Updated Financial Regulations embed clear governance arrangements, including delegated authority limits, audit trails, and enhanced financial oversight.
- 12 The Service operates with dedicated budget holders for all capital projects and revenue expenditure. Governance is discharged through the Finance and Procurement Committee. The finance team is developing a financial dashboard to improve transparency and support budget holders in monitoring their resources.
- 13 Procurement controls have been strengthened through the Welsh Fire and Rescue Services' Procurement Strategy 2025–30, approved by the Authority's Audit Committee in June 2025. The Contract Procedure Rules were approved on 17 March 2025. These clarify the use of public sector frameworks where applicable, ensuring competitive pricing and compliance with procurement law. Where direct awards are necessary, these are supported by documented justification and oversight. Contract management protocols have been updated to ensure transparency and accountability throughout the procurement lifecycle.

- 14 Fraud awareness training has been delivered and will continue to be delivered in partnership with the Service's banking providers. This training focuses on common threats such as phishing, impersonation, and payment diversion.
- 15 In addition, the CIPFA e-learning module on fraud awareness has been rolled out to finance and procurement staff. It provides an overview of fraud; what it is, how it can be recognised, and how it can be avoided. These training programmes are embedded into staff appraisals and support a culture of vigilance and accountability.
- 16 Whilst significant progress has been made in strengthening controls and embedding fraud prevention measures, the Service remains committed to continuous improvement. Our cautious risk appetite for financial risks ensures that processes are regularly reviewed. As part of forward planning, Business Continuity arrangements for 2026 will include a dedicated exercise focused on responding to fraudulent activity.

## IMPLICATIONS

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| Well-being Objectives                   | Supports ethical governance and public trust under the Well-being of Future Generations (Wales) Act.   |
| Budget                                  | Training and compliance costs are absorbed within existing allocations. No additional budgetary pressures identified.  |
| Legal                                   | The Service is in scope for the ECCTA 2023 offence and has implemented proportionate procedures to mitigate liability.   |
| Staffing                                | Training integrated into staff development plans. Clear role definitions and governance structures support fraud prevention.   |
| Equalities/Human Rights/ Welsh Language | Training materials and governance documents are bilingual and inclusive.   |
| Risks                                   | All high and very high risks are under active management through the strategic risk register. No new fraud-related risks have emerged since the last reporting period. |