

REPORT TO: AUDIT AND STANDARDS COMMITTEE

DATE: 23 NOVEMBER 2016

TITLE: ANTI-FRAUD AND CORRUPTION STRATEGY

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RECOMMENDED that:

A the Committee approves the Council's revised Anti-Fraud and Corruption Strategy.

PURPOSE

1. It is important that the Council's approach to fraud is regularly reviewed and that fraud related policies and procedures remain relevant and up to date. The current Anti-Fraud and Corruption Strategy, which was last updated in September 2011, has been reviewed by both the Corporate Governance Group and CMT/HoS and is presented here for approval by the Audit and Standards Committee.

EXECUTIVE SUMMARY

2. The revised Anti-Fraud and Corruption Strategy (Appendix A) brings together a number of fraud related documents including the Council's Anti-Money Laundering Policy and Procedure and the Fraud Response Plan and has been updated to ensure it remains in line with sector good practice and current legislation. In particular, the Anti-Money Laundering Policy and Procedure has been enhanced following training attended by the Internal Audit Manager in September 2016.
3. The fundamental messages contained within the strategy are that the Council will:
 - Maintain a culture that will not tolerate fraud or corruption
 - Ensure staff and Members demonstrate the highest standards of honesty and integrity at all times
 - Commit to an Anti-Fraud and Corruption Strategy that covers the best practice principles of acknowledging and understanding fraud risks, preventing and deterring fraud and being stronger in pursuing fraud.
 - Work in partnership both locally and nationally to tackle fraud and corruption.
4. Through the Corporate Governance Group the Council will develop and implement a Fraud Action Plan, which will be a separate and dynamic document

supporting the Strategy through identifying specific actions which can be implemented and monitored.

BACKGROUND

5. The Anti-Fraud and Corruption Strategy is an integral part of the Council's overall governance framework. It is designed to encourage prevention and promote detection of both fraud and corruption against the Council. The strategy sets out the expectation that Members, employees, individuals and organisations will be honest and fair in any dealings they may have with the Council.
6. The strategy was reviewed and updated taking into account the good practice set out in the 2016-19 Local Government Counter Fraud and Corruption Strategy, being a national strategy aimed at those charged with governance in local authorities. It sets out the approach local authorities should take and the main areas of focus over the next three years in order to transform counter fraud and corruption performance, and contains major recommendations for local authorities and other stakeholders. It supersedes the last Fighting Fraud Locally Strategy which was published in 2011.
7. It is management's responsibility to take actions to mitigate fraud risks through expecting high standards of conduct and operating strong systems of internal control. Any loss through fraud and other irregularity is a drain on resources which, in turn, reduces the amounts available for service delivery and to support those in genuine need. It is equally important that those working for and with the Council have a clear understanding of the Council's standards and expectations through effective communication and monitoring.

Ongoing review of the Council's Anti-Fraud Strategy and counter fraud resource

8. The Council will need to keep under continuous review the threats from fraud and to ensure it allocates resources to the highest identified areas of existing and emerging risks. There is always scope to continually improve in being responsive and adaptive to emerging risks and pressures. The Council needs to continue to monitor its mechanisms for assessing the risk of fraud and having the means to share information and quantify the outcome whenever fraud occurs.
9. The Audit and Standards Committee has a key role in assessing whether the Council's framework for responding to the risk of fraud and corruption meets recommended practice and governance standards and complies with legislation. To fulfil this role the Committee has started to receive updates regarding fraud work within the Council, both reactive and proactive.
10. Once approved by the Audit and Standards Committee, the revised strategy will be published on the Council's internet and its message relayed to all staff via the staff newsletter WIS.

11. Training will be provided as appropriate through the Fraud Action Plan so that awareness of roles and responsibilities is further cascaded to all staff.

SUMMARY

12. The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. This strategy is vital to promoting a Council-wide awareness of anti-fraud and corruption activities and responsibilities. It will assist the Council with managing the risk of fraud and ensure a consistent response in the event of fraud being suspected.

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

Finance (includes ICT)

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Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Regeneration, Equalities and Social Inclusion)

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

This review ensures that the Council takes account of best practice as set out in the 2016-19 Local Government Council Fraud and Corruption Strategy. The Council's revised Anti-Fraud and Corruption Strategy also includes its Anti-Bribery Policy and Anti-Money Laundering Policy and Procedure.

Author: **Brian Keane, Head of Governance**

BACKGROUND PAPERS

2016-19 Local Government Counter Fraud and Corruption Strategy

Glossary of terms/abbreviations used

CMT/HoS – Corporate Management Team/ Heads of Service