

TITLE OF REPORT: Counter Fraud and Corruption Arrangements

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

- 1 The purpose of this report is to provide the Committee with details of the outcome the recent review of the Council's overall Counter Fraud and Corruption Arrangements, including the revised Counter Fraud and Corruption Policy and Fraud Response Plan, and the proposed Counter Fraud and Corruption Strategy.

Background

- 2 To support the work of local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a Code of Practice on Managing the Risk of Fraud and Corruption. Although the Code is not currently mandatory, it represents best practice and compliance with the Principles set out in the Code helps the Council secure good governance and demonstrate effective use of public funds.
- 3 The five key principles of managing the risks of fraud and corruption are to:
 - Acknowledge the responsibility for countering fraud and corruption;
 - Identify the fraud and corruption risks;
 - Develop an appropriate counter fraud and corruption strategy;
 - Provide resources to implement the Strategy; and
 - Take action in response to fraud and corruption.

Counter Fraud and Corruption Strategy

- 4 CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption states that an organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
- 5 It is recognised that to minimise losses to fraud and corruption, a strategic approach with a clear remit covering all areas of fraud and corruption that may affect the Council is required. There needs to be a clear understanding of the importance of the links between policy work (to develop a counter fraud and corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing robust policies and

systems) and operational work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where they are found).

- 6 Since 2011 the Council has had a Counter Fraud and Corruption Policy and Fraud Response Plan, but had not documented the overarching strategy. The Council's draft Counter Fraud and Corruption Strategy clearly identifies the Council's commitment to an effective Counter Fraud and Corruption approach, as part of its overall Corporate Governance arrangements. The draft strategy outlines the principles the Council is committed to in preventing and reporting fraud and corruption.
- 7 The draft Counter Fraud and Corruption Strategy is attached as Appendix A.
- 8 Regular reports on any activity relating to this Strategy, and progress against the fraud plan, will be provided to the Committee.
- 9 An annual report will be provided to the Committee on performance against the Strategy and the effectiveness of the Strategy. Conclusions will also form part of the Annual Governance Statement.

Counter Fraud and Corruption Policy and Fraud Response Plan

- 10 A Counter Fraud and Corruption Policy and Fraud Response Plan forms an important part of the Counter Fraud and Corruption Strategy by setting the tone, culture and expectations of the Council, as part of the corporate framework.
- 11 The Council has had a Counter Fraud and Corruption Policy and Fraud Response Plan since 2011. A part of this review both documents have been updated to take account of current best practice and guidance.
- 12 The Counter Fraud and Corruption Policy outlines the Council's attitude to and position on, fraud and corruption and sets out responsibilities for its prevention and detection. It also communicates important deterrence messages to employees, Members, and third parties that fraudulent conduct will not be tolerated by the Council and that the stance against fraud is endorsed and supported at the most senior level.
- 13 The Fraud response Plan details the Council's procedures for responding to any incidents of suspected fraud or corruption. The Plan sets out how suspicions should be raised and how investigations will be conducted and concluded.
- 14 The draft revised Counter Fraud and Corruption Policy and Fraud Response Plan are attached as Appendix B and C to this report.

Recommendation

- 15 The Committee is asked to review and comment on the following strategy and policy documents:
- (i) Counter Fraud and Corruption Strategy (Appendix A)
 - (ii) Counter Fraud and Corruption Policy (Appendix B)
 - (iii) Fraud Response Plan (Appendix C)
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