

COUNTER-FRAUD AND CORRUPTION STRATEGY

**FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR
CHRIS WEAVER)**

AGENDA ITEM: 8

Reason for Report

1. To seek approval from Cabinet for the Counter-Fraud and Corruption Strategy, which outlines the overarching structure and approach to fraud risk management.

Background

2. The Counter-Fraud and Corruption Strategy is designed to co-ordinate the counter-fraud policy framework, and it outlines the strategic approach to tackling fraud across the organisation. It seeks to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.
3. 'Fraud costs the public sector at least £20.6bn annually, and of this total, £2.1bn is specifically in local government' (Annual Fraud Indicator 2013 - which provided the last set of government sanctioned estimates).
4. The operational approach to prevent, detect and investigate any suspicions of fraud or financial impropriety is outlined within the Council's Fraud, Bribery and Corruption Policy, which was last reviewed and approved by Cabinet on 14 June 2018. The Strategy will provide a line of sight for the Council's range of counter-fraud policies and documents and support their ongoing co-ordination.

Issues

Strategy Development

5. The Strategy incorporates best practice guidance and intelligence from the Chartered Institute of Public Finance and Accountancy (CIPFA), notably the 'Fighting Fraud and Corruption Locally Strategy', and the

annual 'Fraud and Corruption Tracker'. It has also accounted for the Government's functional standards, which set out the basics that public bodies should have in place to find and fight fraud.

6. To develop the Strategy, best practice information and intelligence on the nature and management of fraud risks has been gained through lead counter-fraud officers participating in ongoing networking. This has involved participation in peer local authority networks such as the Core UK Cities, Welsh Chief Auditor and Welsh Investigator groups, and attending the Wales Audit Office Good Practice Exchange and the Wales Fraud Forum.
7. There is Senior Management Team (SMT) commitment to monitoring the rollout of the Strategy and ensuring effectiveness and compliance. The SMT has considered and agreed the contents and components of the Strategy in meetings between February and April 2019. The Audit Committee considered the draft Strategy in its meeting of 25 June 2019, following a 3-week period to consider and raise comments on the Strategy.
8. The Strategy has been aligned to the Council's commitment to integrity, ethical values and the law, through its Corporate Values, Constitution, and supporting policies and procedures.
9. The Council's fraud risk assessment is built upon national trends and intelligence and Council specific intelligence, which includes management and internal audit assurance, data matching and analysis (through participation in the National Fraud Initiative Cabinet Office exercises), and disclosures in the public interest through the Council's whistleblowing scheme.
10. The conditions for fraud and fraud 'red flags' are outlined in the Strategy to support all officers and Members to identify potential fraud risks, and information is provided on the responsibilities we all have for fraud risk management, and reporting concerns.

Counter Fraud Response

11. The Strategy includes a Counter-Fraud Action Plan, which outlines the core proactive and responsive activities and their frequency. Each of the counter-fraud activities are designed to 'acknowledge' and understand fraud risks, to 'prevent' and detect more fraud, and to 'pursue' and punish fraudsters.
12. Council-wide training and awareness is a cornerstone of the refreshed corporate counter-fraud response, for which priority actions have been programmed for 2019/20. A mandatory eLearning Fraud Awareness module will be rolled out commencing July 2019 and face-to-face training events will be arranged to reach non-computer users and school officers.
13. Planning is also underway to participate in the International Fraud Awareness Week, 17 – 23 November 2019. International Fraud

Awareness Week, or Fraud Week, was established by the Association of Certified Fraud Examiners (ACFE) in 2000 to raise awareness about fraud. The week-long campaign provides an opportunity to take proactive steps to promote anti-fraud awareness and education.

14. The Counter-fraud Action Plan also sets out the primary anti-fraud policies, and their review timescale to keep up to date with legislative and best practice approaches. It also sets out the participation in fraud networks for ongoing information on national and regional attempted and committed frauds, relevant trends and intelligence. Exercises are also planned to checks management assurance statements and risk updates periodically on fraud related matters, and to provide advice and assurance on consistent fraud risk measurement and management.

Reason for recommendation

15. To enable the Cabinet to consider the proposed Counter-Fraud and Corruption Strategy.

Legal Implications

16. Non adherence to this strategy may facilitate serious financial and corporate governance weaknesses. It is a mandatory requirement that the Council adheres to the laws which are applied within the Strategy i.e. the Fraud Act, Bribery Act and Theft Act etc. The Anti-Fraud and Corruption Strategy is the umbrella document demonstrating the activities taking place to combat fraud and corruption. Fraud and corruption exist in many formats and impact (amongst other matters) upon the Council's finances, service delivery and its customers. A realistic Anti-Fraud and Corruption Strategy helps to address all areas of prevention, detection and prosecution/sanction of potential and actual illegality.

Financial Implications

17. A Counter Fraud and Corruption Strategy is an important aspect of promoting effective financial stewardship and helping to safeguard the Council's financial resources. The covering report highlights that the training will be council-wide and needs to be delivered in ways suitable for the various groups of Council staff ranging from e-learning to face to face engagement sessions. The communication and engagement will be undertaken by council resources and is anticipated to within existing budget allocations. However, in the event of any additional cost being identified then the funding will need to be considered before proceeding. There is an existing Fraud Detection Earmarked Reserve that could be used if additional investment is required.

HR Implications

18. It will be important that the mandatory eLearning is effectively communicated to the target audience, including how this training will be

mandated to schools. A Monitoring Procedure will need to ensure compliance against the training.

RECOMMENDATIONS

The Cabinet is recommended to approve the Counter-Fraud and Corruption Strategy.

SENIOR RESPONSIBLE OFFICER	CHRIS LEE Corporate Director Resources
	5 July 2019

The following Appendices are attached:

Appendix A - Proposed Counter-Fraud and Corruption Strategy

Appendix B - Equality Impact Assessment