
GOVERNANCE & AUDIT COMMITTEE: 28 November 2023

**COUNTER-FRAUD, BRIBERY AND CORRUPTION STRATEGY &
OPERATIONAL DOCUMENTS – UPDATE**

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.1

Reason for this Report

1. The Governance and Audit Committee's Terms of Reference requires that Members:
 - Monitor the Counter-fraud strategy, actions and resources;
 - Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
2. This report has been prepared to provide Governance and Audit Committee Members with an opportunity to consider incremental updates that have been made to the Counter-Fraud, Bribery and Corruption Strategy and a suite of counter-fraud operational documents. The updates have a draft status and will be considered by Cabinet shortly with a request for approval.

Background

3. The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. Fraud costs the public sector an estimated £50.2 billion annually, and of this total, £8.8bn is specifically in local government ([Annual Fraud Indicator 2023](#)).
4. A Counter-Fraud and Corruption Strategy was introduced and approved by Cabinet in July 2019 to co-ordinate the counter-fraud policy framework and outline the strategic approach to tackling fraud across the organisation. The existing Strategy has introduced:
 - Mandatory fraud awareness training across the organisation, delivered through a combination of face-to-face and eLearning sessions to approaching seven thousand people (officers, headteachers and school governors).
 - Annual participation in International Fraud Awareness Week, to develop and maintain the alertness and maturity of all staff in key areas of risk by providing practical information, advice, supporting resources and relevant contact details for further assistance. Topics have included personal interests & secondary employment, managing conflicts of interest, procurement fraud, mandate fraud and staying vigilant to attempts to defraud the Council with reference to social engineering.

5. The Counter-Fraud and Corruption Strategy has been reviewed, renamed to add the word 'bribery' to the title, and refreshed, to support the Council 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. Alongside the review and refresh of the Strategy, a suite of operational counter-fraud documents have been reviewed to which incremental updates have also been made.
6. Arrangements have been made to discuss proposed updates with the Council's Trade Unions in November 2023, and all documents have been supported by Single Impact Assessments (appended to this report) with the engagement of the Council's Equalities Team and Bilingual Cardiff. Any commentary and guidance received through these processes to date has been taken into account in the draft documents appended to this report.

Issues

Strategy and Operational Document Reviews

7. 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 '[Fraud and Corruption Tracker Survey](#)'. 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.
8. The Strategy is also based on best practice information and intelligence on the nature and management of fraud risks gained through lead counter-fraud officers participating in ongoing networking. This involves participation in peer local authority networks such as the Core UK Cities, Welsh Chief Auditor and Welsh Investigator groups, and attending the Wales Fraud Forum.
9. The draft revised Strategy (Appendix A) has been updated to incorporate the incremental updates to best practice models, information and guidance as referred to above. The principal updates from the draft updates to the Strategy are:
 - **Enhanced Oversight** - Through the introduction of a Counter-Fraud Oversight Board, with representation from key members of the Senior Management Team, and lead Council officers, to provide strategic management direction, oversight and review of the Council's counter-fraud arrangements, approach, and governance.
 - **Assurance Reviews** – Whereby the Counter-Fraud Oversight Board will commission relevant reviews where considered required on the Directorate assurance and risk assessment in respect of the prevention and detection of fraud.
 - **Communication** - Continued Fraud Awareness Week participation and relevant wider information campaigns.
 - **Training** - Refreshed mandatory fraud awareness training for 2024/25 to support all staff.

10. The Counter-Fraud, Bribery and Corruption Strategy template for schools has also been updated and arrangements will be made to engage with school Headteachers and Chairs of Governors to outline the updates, provide relevant guidance and to commend the adoption of the Strategy by respective Governing Bodies.
11. In addition to updating the Counter-Fraud, Bribery and Corruption Strategy, the following operational documents have been subject to review and incremental update in line with best practices and are provided for Governance and Audit Committee consideration and comment:
 - **Counter-Fraud Bribery and Corruption Policy** (*formerly titled the Fraud, Bribery and Corruption Policy*) - The Policy underpins the objectives of the Strategy and sets out accountabilities, and the processes to be followed in respect of the prevention, detection, reporting and investigation of suspected fraud, bribery and corruption.
 - **Fraud Response Plan** - This Plan defines how the Council will respond to allegations and provides guidance on the steps that should be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety, either actual or attempted, within or against the Council.
 - **Sanction Procedure** (*formerly titled the Prosecution Policy*) - This Procedure sets out how the Council will pursue and punish fraudsters by using civil sanctions, recovering losses, and supporting the law enforcement response.
 - **Publicity Procedure** (*formerly titled the Fraud Publicity Policy*) - The Procedure sets out how the Council will communicate its counter-fraud strategy, policies, and positive action effectively, for assurance to the public that it is taking a firm line on counter-fraud issues and that it has robust and effective procedures in place to tackle fraudulent activity. It is often the alertness of staff and the public to indicators of fraud that enables detection to occur and the Procedure will be used to encourage this support and to promote mechanisms for reporting suspicions of fraud.

Legal Implications

12. The Counter-Fraud, Bribery and Corruption Strategy and Policy and associated documents (Appendices A-E to the report) set out the Council's arrangements for safeguarding the public funds and resources entrusted to it, discharging its legal responsibilities (under various relevant legislation, as set out in the body of each document) and adhering to best practice guidance. The updates seek to ensure that each document reflects current legislation and best practice and remains up to date and fit for purpose.
13. In considering this matter, the Council must have regard to:
 - (a) Its 'well-being duty', under the Well-Being of Future Generations (Wales) Act 2015 ('the WCFG Act'), aimed at achieving seven national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. When exercising its functions, the Council is required to take all reasonable steps to meet the well-being objectives it has set in order to maximise its contribution to achieving the national well-being goals, which are set out in Cardiff's Corporate Plan 2023-26: Cardiff Council Corporate Plan 2023-26.

- (b) Its public sector equality duties, under the Equality Act 2010, which require that the Council must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics (specifically, (a) Age, (b) Gender reassignment, (c) Sex, (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of religion or belief.) The Council also has a statutory duty, when taking strategic decisions, to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). An equalities impact assessment should be carried out to consider the equalities implications of any proposed changes to a Council strategy, policy or practice, and the Council must involve those sharing protected characteristics and with an interest in the matter when assessing equality impacts.
- (c) Its obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

14. The Single Impact Assessment, **Appendix F** to the report, assists the decision maker to consider the impacts of its decision, having regard to the duties above.

Financial Implications

15. A Counter Fraud, Bribery 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 eLearning to face to face engagement sessions. The communication and engagement will be undertaken by Council resources and is anticipated to be within existing budget allocations. However, in the event of any additional cost being identified then the funding will need to be considered before proceeding.

HR Implications

16. It will be important that there is an effective communications programme to ensure that managers and employees are aware of the updated elements of the strategy. The requirements of the mandatory eLearning will need to be continued to be communicated effectively in order to ensure compliance is achieved. The briefing of the Trade Unions will be an important step in this process.

RECOMMENDATIONS

17. That the Committee notes and considers the draft updates to the Counter-Fraud, Bribery and Corruption Strategy, and the operational counter-fraud documents appended to this report, prior to a request for Cabinet approval.

Chris Lee
Corporate Director Resources

The following are attached:

Appendix A: Draft Counter-Fraud, Bribery and Corruption Strategy

Appendix B: Draft Counter-Fraud, Bribery and Corruption Policy

Appendix C: Draft Fraud Response Plan
Appendix D: Draft Sanction Procedure
Appendix E: Draft Publicity Procedure
Appendix F: Single Impact Assessments

Background paper

[Issue - items at meetings - Draft Counter-Fraud and Corruption Strategy : Cardiff Council
\(modern.gov.co.uk\)](http://modern.gov.co.uk)