

AUDIT COMMITTEE

18 MARCH 2021

COUNTER FRAUD AND CORRUPTION STRATEGY - REVIEW

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service
(Chief Audit Executive)

Summary

To seek the Audit Committee's comments on the proposed Counter Fraud & Corruption Strategy prior to submission to Full Council for adoption.

1. Budget and policy framework
 - 1.1. Council delegates responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.
 - 1.2. The current Anti-Fraud and Corruption Policy forms part of the Council's Constitution, therefore, approval of any changes or approval of a new Policy is a matter for Full Council.
2. Background
 - 2.1. The council has an Anti-Fraud and Corruption Policy which sets out the council's approach to combating fraud and corruption and is designed to ensure the risk of such activity is reduced to its lowest possible levels. This Policy forms part of the Council's Constitution.
 - 2.2. In March 2020 CIFAS published the Fighting Fraud and Corruption Locally Strategy 2020, outlining the best practice for local authorities to adopt. This update in best practice indicated the need for an in-depth review of the council's own strategy to ensure it reflected these updates and accurately reflected the council's approach.
3. Counter Fraud & Corruption Strategy
 - 3.1. The council has had an Anti-Fraud and Corruption Strategy in place for a number of years, although it has not been updated for several years.

3.2. CIFAS published the Fighting Fraud and Corruption Locally Strategy 2020, which outlined that there were five key pillars of activity. These being:

- Acknowledge - Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.
- Prevent - Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
- Pursue - Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive local enforcement response.
- Govern - Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.
- Protect - Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

3.3. It was quickly identified that the existing Policy was now significantly out of date and did not reflect best practice. As a consequence, a full review was undertaken and a new Counter Fraud & Corruption Strategy has been written, and although is not structured around those specific headings, it has been designed to incorporate the five pillars of activity outlined in the new best practice as well as reflecting the council's approach to combatting fraud and corruption.

3.4. The new strategy provided at Appendix 1 is for Members' consideration prior to submission to Full Council for formal approval and adoption as it forms part of the Constitution.

3.5. The current Anti-Fraud & Corruption Policy is attached at Appendix 2 for comparative purposes. Given the new Strategy represents a fundamental redrafting of the existing Policy it was not practicable to merely make tracked changes to the current Policy.

4. Risk management

4.1. The council should publicise its arrangements for preventing, detecting and investigating fraud and corruption to inform the public, stakeholders, Members and officers of the arrangements in place and, more specifically, how they are able to report any suspicion or concerns. The strategy and policy documents within this report should also act as a deterrent for those intending to attempt to commit fraudulent actions against the council. Failure to approve the

updated and newly proposed policy documents will result in the council's strategic anti-fraud and corruption arrangements not reflecting current legislation and local arrangements for investigating fraud and corruption activity.

5. Financial implications

- 5.1. An adequate and effective Audit and Counter Fraud function provides the Council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the Council.

6. Legal implications

- 6.1. The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.
- 6.2. Section 151 of the Local Government Act 1972 requires the council to “make arrangements for the proper administration of their financial affairs”. This includes the management of housing stock which may be funded by government grants.

7. Recommendation

- 7.1. The Committee is asked to comment on the proposed Counter Fraud & Corruption Strategy as set out at Appendix 1 to the report and recommend the Strategy to Full Council for adoption.

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Appendices

Appendix 1 – New Counter Fraud & Corruption Strategy
Appendix 2 – Existing Anti-Fraud & Corruption Policy

Background papers

None