

SUBJECT:	COUNTER FRAUD POLICY/STRATEGY
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	JOHN SCOTT, AUDIT MANAGER

1. Purpose of Report

- 1.1 To present to Members an updated corporate Counter Fraud Policy/Strategy and action plan for 2021/22, for review/comment.

2. Executive Summary

- 2.1 The Council's Counter Fraud Policy/Strategy was last updated in 2018. The 2021 version takes account of the latest best practice guidance and updates the fraud action plan.

3. Background

- 3.1 The Council has a range of Counter fraud policies, procedures and guidance. The Corporate policy/Strategy aims to provide the high-level framework and direction which guides activity and other policy areas.
- 3.2 Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.
- 3.3 By using the Fighting Fraud and Corruption Locally 2020 as a blueprint for the Council's local policy/strategy the aim is to:
- develop and maintain a culture in which fraud and corruption are unacceptable
 - understand the harm that fraud can do in the community
 - understand fraud risk
 - prevent fraud more effectively
 - use technology to improve response
 - share information and resources more effectively
 - better detect fraud loss
 - bring fraudsters to account more quickly and efficiently
 - improve the recovery of losses
 - protect those at risk.

4. Changes to the policy/strategy

- 4.1 In the main, the Council's updated policy/strategy is similar to the previous one. This version recognises the increased risks to victims and the local community.

There is more emphasis on tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

4.2 The new approach covers the following strands: Govern: Acknowledge: Prevent: Pursue and Protect. There is additional focus on 'govern' and 'protect'. It continues to incorporate 6 'C' considerations. Protect focus is on recognising the harm that fraud can cause in the community – it is about protecting the Local Authority and its' residents from fraud.

4.3 There is also greater emphasis on economic crime – referred to as "a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others"

4.4 **The key strands:**

- **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.
- **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. Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.
- **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. For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.

4.5 Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs covered by the current FFL are:

- Culture
- Capability
- Competence
- Capacity

- Communication
- Collaboration

- 4.6 There is a greater emphasis on collaboration with a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

There is greater reference about protecting the vulnerable from fraud.

The strategy will continue to review where there is a business case to invest in counter fraud activity – in order to generate savings by preventing and recovering losses. This together with continued emphasis on the benefits of a pro-active approach with prevention measures and projects being undertaken using data analytics where possible.

- 4.7 In terms of implementing the policy/strategy there is a programme of work, as attached at Appendix B) to ensure a strong counter fraud culture across the Council led by officers with counter fraud responsibility. This annual counter fraud action plan is agreed by Corporate Management Team and the Audit Committee, and reflects resources available. The action plan is linked to fraud risks. Outcomes from the plan are reported as part of the half yearly fraud reports to the Audit Committee.

5. Strategic Priorities

- 5.1 Adopting an appropriate Counter Fraud Policy will contribute to all of the Council's strategic priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support the priorities.

6. Organisational Impacts

- 6.1 Finance (including whole life costs where applicable)

There are no direct financial implications arising from this report. However, the application of approved anti-fraud policies is intended to protect the Council against loss through fraud and corruption.

- 6.2 Legal Implications including Procurement Rules

There are no direct legal implications arising from this report.

- 6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

7. Risk Implications

- 7.1 Whilst Internal Audit assist in the implementation of the Counter Fraud Policy, and officers within service areas undertake specific counter fraud activities, capacity across the organisation remains limited (as is recognised in the combined assurance assessment).

The Council continues to work with local partners to make the best use of combined resource and will continue to seek additional funding for dedicated one-off fraud related activities if it becomes available.

By updating the fraud risk register, developing work plans and seeking support of partners through the LCFP, the Council aims to maintain focus on counter fraud.

8. Recommendation

- 8.1 That the Audit Committee review and comment on the updated Counter Fraud Policy/Strategy and refer to the Executive for approval.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Two
List of Background Papers:	None

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