

UPDATES TO THE COUNCILS ANTI FRAUD & CORRUPTION FRAMEWORK

Submitted by: **Audit Manager**

Portfolio **Resources and Efficiency**

Ward(s) affected **All**

Purpose of the Report

Theft, fraud, corruption and bribery are all criminal offences; the council is committed to the highest standards of integrity and will not tolerate them in any form. By having an anti fraud and anti corruption framework in place this demonstrates our zero approach to tolerance, it is important that the existing framework is constantly reviewed and updated to take into account new legislation, procedures and best practice.

Recommendations

That the Anti-Fraud and Anti-Corruption Framework, the Whistleblowing Policy and the Fraud Response Plan be approved in their updated forms

Reasons

The existing Anti Fraud and Anti Corruption framework has been reviewed and updated to take into account the new Bribery Act legislation which came into effect on the 1 July 2011, in addition the policies have been benchmarked against a number of policies obtained from other authorities across the West Midlands.

1. Background

- 1.1 The National Fraud Authority has recently reported that Fraud costs this country an estimated £30 billion, this equates to over £621 per adult per year. These figures which were reported for the first time in January 2010 were more than double the originally estimated figure of £13 billion. The report also went on to say that it is the public sector that is hardest hit at a cost of £17.4 billion (57%). The cost to businesses was £9.3 billion (31%) followed by the public at £3.3 billion (12%).
- 1.2 The policies that this Council has in place demonstrate our commitment to the prevention and detection of Fraud and Corruption and to ensure the highest possible standards of openness, probity and accountability. We encourage people with serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Whistleblowing Policy is intended to encourage and enable people with concerns about a potential fraud or corruption, in any aspect of the Council's work, to raise these with the Council rather than overlooking a problem or raising them with external bodies first.
- 1.3 The Anti- Fraud and Anti-Corruption Framework, the Whistleblowing Policy and Fraud Response Plan are approved annually as part of the Council's Constitution.
- 1.4 The prevention of fraud and protection of the public purse is everyone's business and it is important that all staff know how to recognise a fraud, how to prevent it and more importantly what to do if they suspect they have come across a fraud.
- 1.5 The Anti-Fraud and Anti-Corruption Framework, Whistleblowing Policy and Fraud Response Plan are a range of policies in place that are designed to limit as far as possible the

opportunities to commit fraudulent acts, enable such acts to be detected at an early stage and then deal with any subsequent investigations in a prompt, thorough and professional manner.

2. **Issues**

- 2.1 The Council is committed to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. These documents demonstrate that it proactively shows a commitment to deterring fraud and corruption and this is actively promoted throughout the organisation.
- 2.2 In order to demonstrate this commitment the Council has an annual subscription with Public Concern at Work an independent legal charity with over 10 years experience of running a confidential helpline for employees and members. Public Concern at Work has given practical, confidential advice on over 2500 whistleblowing concerns. Their approach is that any concerns that an employee or member has can be raised openly and that the organisation then has an opportunity to investigate and address the concern.
- 2.3 A Fraud Awareness Guide is available for all Managers; this guide outlines the Borough Council's commitment to the protection of public funds and the necessity for harnessing resources in order to minimise losses arising from fraudulent conduct. The guide gives details of;
 - The identification of the types of fraud,
 - How fraud occurs,
 - Examples of behaviour that might indicate fraud,
 - Indicators of potential fraud in a system,
 - Advice to management and staff re: fraud and corruption, and
 - Reporting of conduct that may be fraudulent

Within the guide is also a Self Assessment checklist for managers to complete for their own service area which will enable them to undertake an assessment of any key areas of risk within their own area.

- 2.4 As part of the Council's on going commitment to raising Fraud Awareness an on-line training package was purchased and made available to staff via the Council's intranet. This training was rolled out to staff in December 2010. At present completing the training is voluntary, though the Audit Manager is currently looking at ways that this could be made compulsory for all staff. In addition other means of raising awareness are currently being reviewed in order that we can ensure that the Council's commitment to deterring fraud and corruption is maintained.

3. **Options Considered**

- 3.1 To review and adopt these documents ensures and demonstrates that the Council will act with integrity and responsibility in the management and spending of the Public's money.
- 3.2 Not to adopt these policies would leave the Council open to criticism of not being committed to maintaining high standards in the avoidance and detection of fraud and corruption.

4. **Proposal**

- 4.1 That the Anti- Fraud & Anti-Corruption Framework shown as **Appendix A** the Whistleblowing Policy shown as **Appendix B** and the Fraud Response Plan shown as

Appendix C be approved in their revised forms

5. **Reasons for Preferred Solution**

5.1 As option 3.1 above.

6. **Outcomes Linked to Sustainable Community and Corporate Priorities**

6.1 The strategies demonstrate that the Council is committed to ensuring the best use of resources and enable the prevention and detection of fraud and corruption at the earliest opportunity, therefore contributing to its Corporate Priority of achieving excellence.

7. **Legal and Statutory Implications**

This report raises no new legal or statutory implications.

8. **Equality Impact Assessment**

There are no differential equality impact issues identified from the proposal.

9. **Financial and Resource Implications**

9.1 The cost of an annual subscription to Public Concern at work is £250 per annum plus ten pence per employee, which based on 600 employees makes the total subscription, cost £310.

10. **Major Risks**

10.1 The risk of not having these strategies in place would mean that staff has no guidance on what to do in the event that they may suspect that fraud or corruption is being committed. This in turn may hamper any investigation required to yield a satisfactory conclusion.

10.2 The existence of these policies mean that staff are informed and given guidance on what actions they should take if they suspect that a fraud is being committed

11. **Key Decision Information**

Not applicable

12. **Earlier Cabinet/Committee Resolutions**

Approval of Council Constitution

14. **List of Appendices**

Appendix A - Anti-Fraud and Anti-Corruption Framework

Appendix B - Whistleblowing Policy

Appendix C - Fraud Response Plan

15. **Background Papers**

Internal Audit Files