NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO

22 April 2024

Report Title: **Counter Fraud Arrangements 2024-25**

Submitted by: **Service Director for Finance (S151 Officer)**

Portfolios: **Finance, Town Centres and Growth**

Ward(s) affected: **All**

Purpose of the Report	**Key Decision** Yes ☐ No ☒

The Council is committed to providing an effective Counter Fraud function which is supported by an effective policy framework. 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 tolerance to any form of fraudulent activity, it is important that the existing framework is reviewed and updated to take into account new legislation, procedures and best practice.

Recommendation

That Committee note the following policies which support the Counter fraud function:

1.	**Anti-Fraud and Anti-Corruption Framework,**
2.	**Fraud Response Plan**
3.	**Whistleblowing Policy**
4.	**Anti-Money Laundering Policy**

Reasons

These policies are regularly reviewed to ensure that they remain relevant for the authority.

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1.   **Background**

1.1   Fraud and corruption present risks to all sectors of the UK Economy whether they are the public, private or third sectors. The impact of both fraud and corruption on organisations can have a significant effect through the disruption of services or undermining the achievement of the organisations objectives. Official estimates show the value lost to fraud to be significant. To assist organisations in identifying the risks of Fraud, CIPFA has produced a Code of Practice on Managing the Risk of Fraud and Corruption ("the Code") which has five principles;

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy, and
- Take action in response to fraud and corruption

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 Whistle-blowing 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, Fraud Response Plan, and the Anti-Money Laundering Policy 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, Fraud Response Plan, Whistleblowing Policy and Anti-Money Laundering Policy 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. These policies are reviewed annually with the proviso that should there be the introduction of any new legislation or best practice guidance that they are then reviewed sooner to take account of this. There have been changes to the policies that were brought before the committee last year, these include an update to reflect changes in job titles and money laundering regulation changes.

2.2 In order to demonstrate this commitment the Council has an annual subscription with Protect an independent legal charity with over 20 years' experience of running a confidential helpline for employees and members. Protect has given practical, confidential advice nationally to around 40,000 people. 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 The Council will work with Staffordshire County Council's (SCC) Internal Audit Service under the service agreement for Counter Fraud Services. The Counter Fraud Service covers all types of non-benefit and corporate fraud. The service offers a full detection and investigation service as well as work to prevent fraud and share the learning coming out of its activities both within the partnership and more broadly. The Fraud Hub operates a case management and referral system that will enable detailed

reporting which will also include the facility to provide statistical analysis and details of costs recovered etc. Also, the Council will have access to SCC's on-line reporting tool which will be promoted on our Council's website.

3. Recommendation

3.1 That Committee note the following policies which support the Counter fraud function:

- Anti-Fraud and Anti-Corruption Framework,
- Fraud Response Plan
- Whistleblowing Policy
- Anti-Money Laundering Policy

4. Reasons

4.1 By reviewing and adopting the Counter Fraud Policies, the Committee is supporting the Council in acting with integrity and responsibility in the management and spending of public money.

5. Options Considered

5.1 Staffordshire County Council will be providing the Fraud Investigation services to the Council as part of the service agreement which commences on 1 April 2024. This allows the service to focus on both proactive and reactive fraud work, with the primary aim of detecting (e.g. data-matching exercises), investigating and preventing fraud and where appropriate strengthen controls.

6. Legal and Statutory Implications

6.1 This report raises no new legal or statutory implications.

7. Equality Impact Assessment

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

8. Financial and Resource Implications

8.1 The cost of an annual subscription to Protect is £909 per annum plus £0.25 pence per employee, which based on 500 employees makes the total subscription, cost £1,034 plus VAT.

9. Major Risks & Mitigation

9.1 The risk of not having these strategies in place would mean that staff have 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. The existence of these polices mean that staff are informed and given guidance on what actions they should take if they suspect that a fraud is being committed.

10. UN Sustainable Development Goals (UNSDG)

10.1 The Counter Fraud Arrangement via the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working

and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.

11.   Key Decision Information

11.1   This report is not a key decision as defined by the Council's Constitution.

12.   Earlier Cabinet/Committee Resolutions

12.1   There are no earlier cabinet decision relating to this report.

13.   List of Appendices

13.1   Anti-Fraud and Anti-Corruption Framework,

13.2   Fraud Response Plan

13.3   Whistleblowing Policy

13.4   Anti-Money Laundering Policy

13.5   Anti-Money Laundering Staff Guidance

14.   Background Papers

14.1   CIPFA – Managing the Risk of Fraud and Corruption