

REPORT TO	ON
Governance Committee	12 <sup>th</sup> April 2017

Jan 2017



TITLE	AUTHOR	Agenda item No.
Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy 2016-2019	Dawn Highton Principal Auditor	

## 1. PURPOSE OF THE REPORT

- 1.1 To evaluate the Council’s compliance with Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy 2016-2019.
- 1.2 To present an analysis showing the Council’s existing compliance with the Strategy together with an action plan to address any areas of non-compliance.

## 2. RECOMMENDATIONS

- 2.1 That the Committee notes the report.

## 3. CORPORATE PRIORITIES

- 3.1 The report relates to the following corporate priorities

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	X

## 4. BACKGROUND TO THE REPORT

- 4.1 Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape. Its production and subsequent implementation is overseen by an independent board, which includes representation from key stakeholders. The board commissioned the drafting and publication of the strategy from the CIPFA Counter Fraud Centre.
- 4.2 Members may recall that the 2016 Annual Governance Statement contained an action to undertake a review to ensure compliance with the requirements contained within the Fighting Fraud & Corruption Locally – the local government counter fraud and corruption strategy.

## 5. REVIEW OF COMPLIANCE

- 5.1 The review has now been undertaken. The table at Appendix 1 lists the requirements of the Strategy and shows the extent to which they are already complied with, or otherwise, by the Council.
- 5.2 The Council complies is largely compliant with the requirements and there are only four requirements where the Council's current arrangements could be strengthened and details of these are provided below:

Requirement	Further Action required
The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members	The introduction of Grace risk management software will assist with the identification and documenting of fraud risks throughout the Council.  A specific fraud and corruption risk register will be compiled by Internal Audit in conjunction with risk owners.
There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and this checklist.	Completion and presentation of report on an annual basis.
There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Review and update (if required) the Anti-Fraud and Corruption Strategy to ensure that it remains current and meets the council's requirements
The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	The Introduction of Grace risk management software will assist with the identification and documenting of fraud risks throughout the Council.

- 5.3 All of the above actions are due to be implemented over the next few months and an update will be presented to members in due course.

## 6. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

### 6.1 Comments of the Statutory Finance Officer

Compliance with the strategy and robust risk management arrangements will reduce the potential financial impact of fraud and corruption to the Council.

## 6.2 Comments of the Monitoring Officer

The importance of fighting fraud and corruption cannot be over stated. Leaving aside the potential financial advantages to be gained from having and implementing an effective Strategy in this regard there are also reputational issues to consider. The council must be able to demonstrate that as a responsible public authority (and holder of public funds) that it is doing everything possible to counter fraud in all its manifestations.

<b>Other implications:</b> <ul style="list-style-type: none"><li>• <b>Risk</b></li><li>• <b>Equality</b></li><li>• <b>HR</b></li></ul>	<p>Failure to have robust anti-fraud and corruption arrangements in place is a significant risk to the Council.</p> <p>There are no equality implications within this report.</p> <p>There are no HR impacts within this report.</p>
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## 7. BACKGROUND DOCUMENTS

Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy 2016-2019

## Appendix 1

### FIGHTING FRAUD AND CORRUPTION LOCALLY – THE LOCAL GOVERNMENT COUNTER FRAUD & CORRUPTION STRATEGY CHECKLIST.

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	Partly	Internal Audit undertake an assessment of risks when preparing its annual plan, the assessment is discussed with and agreed with Senior Officers and approved by the Governance Committee. Individual audit reviews consider fraud risks associated with the specific area being reviewed.	The Introduction of Grace Solution Risk Management software will assist with the identification and documenting of fraud risks throughout the Council.  A specific fraud and corruption risk register will be compiled by Internal Audit in conjunction with risk owners.	Shared Assurance Services  May 2017  December 2017
The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.	Yes	An assessment of the risks in Protecting the Public Purse is carried out annually by Internal Audit for the Annual Governance Statement.  Internal Audit keep abreast of future potential risks by subscribing to various agencies including the National Anti Fraud Network (NAFN) / ActionFraud etc and attendance at fraud awareness seminars.	None	
There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and this checklist.	Partly	Annual report being compiled and presented during April 2017	Completion and presentation of the report on an annual basis.	Internal Audit  April 2017

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Partly	An Anti-Fraud and Corruption Strategy is in place which is easily accessible on Connect. In additional periodic training is carried out to raise awareness.  The Policy is due to be reviewed to ensure it remains current.	Review and update (if required) the Ant-Fraud and Corruption Strategy to ensure that it remains current and meets the councils requirements	Internal Audit  September 2017
The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Yes	Various policies and strategies are in place, for example: <ul style="list-style-type: none"> <li>• Anti-Fraud &amp; Corruption Strategy</li> <li>• Fraud Response Plan</li> <li>• Data Protection</li> <li>• Proceeds of Crime guidance (anti-money laundering)</li> <li>• Constitution</li> <li>• Code of Conduct</li> </ul>	None	
The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	Partly	The Council has a Risk Management Framework in place. Risks are considered during the annual audit planning process. The current arrangements will be strengthened by the imminent implementation of the risk management software.	The Introduction of Grace Solution Risk Management software will assist with the identification and documenting of fraud risks throughout the Council.	Shared Assurance Services  September 2017
Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Yes	System experts are consulted when considering and introducing new and revised fraud policies  A generic template / process is in place to ensure that relevant officers and members are consulted.	None	

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Yes	Instances of fraud are publicised where appropriate.	None	
The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.	Yes	The recruitment process includes vetting of applicants by <ul style="list-style-type: none"> <li>• Obtaining references,</li> <li>• Verifying qualifications,</li> <li>• Obtaining a Disclosure and Barring (DBS) check where required.</li> </ul>	None	
Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	Yes	Officer's declaration of gifts and hospitality (register). Standardised process in place.  Member's induction includes the requirement to declare gifts and hospitality. This is an online process, which automatically informs Democratic Services of the entry into the member's register of interests.	None	
There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Yes	Online training sessions have been provided, to raise awareness of the potential for fraud. Various fraud policies and strategies are in place.	None	

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
There is an independent whistle-blowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	Yes	A whistleblowing policy is in place, this was last updated May 2016. The policy states that the Monitoring Officer will maintain a record of the concerns raised and outcomes.	None	
Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	Yes	The model conditions of contract (Procurement) require contractors to comply with council policies, this includes Whistleblowing	None	
Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	Yes	Suspected frauds are assessed, following this and in consultation with key officers, resources will be made available ensuring that any concerns are adequately investigated, recorded and action taken when required. Fraud response plan 2014. Benefit Fraud cases are risk assessed and appropriate action taken.	None	
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Yes	Internal Audit maintain detailed records of suspected frauds reported to them and investigated. When required the outcome will be reported to Senior Officers and relevant committees.	None	
Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Yes	Internal Audit and officers who may be required to assist with suspected frauds have unfettered access to all relevant records.	None	

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.	Yes	Instances of fraud are publicised.	None	
All allegations of fraud and corruption are risk assessed.	Yes	All allegations of HB/CTS/SPD fraud are referred to the Revenues and Benefits Section. Following scrutiny, appropriate HB referrals are directed to DWP (SFIS) and after risk assessment CTS/SPD referrals are dealt with in house.  All other frauds would be referred to the Head of Shared Assurance Services.	None	
The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	Yes	The fraud response plan is part of a suite of policies dealing with fraud and corruption. The sections list are identifiable	None	
The fraud response plan is linked to the audit plan and is communicated to senior management and members.	Yes	The annual audit plan, contains a contingency element for requests for investigations / unplanned reviews requiring an immediate response.	None	



CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
Asset recovery and civil recovery is considered in all cases.	Yes	Fraud response plan identifies that assets may be recovered and sanctions may be enforced	None	
There is a zero tolerance approach to fraud and corruption which is always reported to committee.	Yes	Policies and strategies state that a zero tolerance level is in place	None	
There is a programme of proactive counter fraud work which covers risks identified in assessment. The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	Yes	The Revenues and Benefits Service proactively interrogates the benefit system to identify certain categories of claimants where history has shown prevalence of fraud in the past.  The Council works closely with SFIS in relation to Welfare Benefit fraud work and also maintains a close working relationship with other LA investigation units and regularly attends Lancashire and Manchester Fraud Investigation Group meetings. Intelligence is also shared between the Police and LA where legislation allows.  The Anti-Fraud & Corruption Strategy identifies that other agencies / Police may be approached when required.	None	
The local authority shares data across its own departments and between other enforcement agencies.	Yes	Data Sharing is in place where appropriate	None	

CHECKLIST	Yes / No / Partly	Evidence - reference	Further action required	Action Owner Target date for completion
Prevention measures and projects are undertaken using data analytics where possible.	Yes	Internal Audit can compare and match data using specialised software, idea data analysis software.	None	
The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.	Yes	Activity and results are reported to the Governance Committee	None	
The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for: <ul style="list-style-type: none"> <li>– surveillance</li> <li>– computer forensics</li> <li>– asset recovery</li> <li>– financial investigations.</li> </ul>	Yes	Additional expertise can be obtained if/ when required.	None	