

REPORT FROM: AUDIT MANAGER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATES: 25th January 2018

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COUNTER FRAUD UPDATE

1. The purpose of this report is to:-
 - a) Consider and endorse the Council's revised counter fraud and related policies;
 - b) Inform Members of the LGA "A Councillor's workbook on bribery and fraud prevention";
 - c) Inform Members of current fraud trends in the Public sector.

RECOMMENDATIONS

2. It is recommended that Members:-
 - a) Adopt the revised counter fraud and related policies;
 - b) Note the LGA "A Councillor's workbook on bribery and fraud prevention" as a useful learning aid and adopt to share it with all Elected members, and
 - c) Note findings contained in the 2017 CIPFA Fraud and Corruption tracker survey report.

REASONS FOR RECOMMENDATIONS

3. To keep the Committee up to date with information concerning the Council's counter fraud arrangements and ongoing work to strengthen its commitment to zero tolerance of fraudulent activity.

ISSUE

4. Internal Audit, working to the Public Sector Internal Audit Standards (PSIAS) has a responsibility to evaluate the potential for the occurrence of fraud and any subsequent management response.

5. The Council aims to provide excellent public services and needs to ensure propriety and accountability in all matters; it is determined to protect itself, its employees and the public from fraud, theft and corruption and is committed to the rigorous maintenance of a strategy for its prevention and detection
6. As part of this strategy the Council has a suite of counter fraud related policies **Appendices A-D** which have recently been reviewed by Management Team. In the main, minor changes were required to the Anti-Fraud, Theft and Corruption Policy and Strategy; the Confidentiality Reporting (Whistleblowing) Policy and the Bribery Policy to reflect changes in staffing.
7. The Anti- Money Laundering policy has been updated to take account of the updated regulations namely the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 which came into effect from 26th June 2017. The key change from the 2007 regulations relate to a requirement to adopt a more risk based approach towards anti-money laundering, particularly in the conduct of due diligence. The Lancashire District Audit Group members have arranged an anti-money laundering training course to be delivered by the Chartered Institute of Public Finance (CIPFA) and representatives from Internal Audit and Legal Services will be in attendance.
8. These policies along with the Council's Gift and Hospitality Policy, Employee Code of Conducts and Financial Procedure and Contract Procedure rules have been made available to all staff via the Intranet and to members of the public via the Website.
9. To compliment revision of these policies, the Local Government Association has a published "A Councillor's workbook on bribery and fraud prevention" designed to aid Members to meet their statutory and moral obligations to protect the public purse, more specifically the Council's assets. The link to the workbook can be found here; <https://www.local.gov.uk/councillor-workbook-bribery-and-fraud-prevention>.
The workbook is task based and focuses Members approach to local issues and situations and shouldn't take more than 2-3 hours to complete. Completion of the workbook will also provide evidence of commitment to ongoing member training and development. It is also intended, with agreement, to circulate the document to all Elected Members for information.
10. CIPFA recently published its 2017 Fraud and Corruption tracker report (CFaCT). The survey conducted by the CIPFA Counter Fraud Centre looked at trends and emerging threats in the sector. Accordingly, the main types of fraud affecting local authorities include Council Tax, Housing and Tenancy Fraud, Disabled Parking, Adult Social Care and Procurement with new areas emerging such as cyber-crime. The full report is available at <http://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker>.
It is intended to incorporate the findings from this years' survey into the actions arising from the Fighting Fraud and Corruption Locally action plan (previously reported) and as part of our work around the Council's fraud and corruption risks. A further update report will be brought back to this Committee in March.

IMPLICATIONS

Policy: There are no policy implications arising from this report.

Financial: There are no financial implications arising directly from the contents of this report.

Legal: There are no legal implications arising from the contents of this report.

Risk Management: The risk of fraud in relation to Council activities is taken into consideration both as part of the Council's general approach to risk management and also in the development of the Internal Audit Plan from year to year.

Health and Safety: There are no Health and Safety implications arising directly from the contents of this report.

Climate Change: There are no climate change implications arising directly from this report.

Community Safety: There are no community safety issues arising directly from the contents of this report.

Equality and Diversity: There are no equality and diversity issues arising from the contents of this report.

Appendices

App A- Confidential Reporting (Whistle Blowing) Policy

App B- Anti-Money Laundering Policy

App C- Anti-Fraud and Corruption Policy and Strategy

App C(i)- Fraud Response Plan

App D- Bribery Policy

Background papers

App E- LGA "A Councillor's workbook on bribery and fraud prevention

<https://www.local.gov.uk/councillor-workbook-bribery-and-fraud-prevention>.

App F- CIPFA 2017 Fraud and Corruption tracker report

<http://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker>.