

AUDIT COMMITTEE	AGENDA ITEM No. 7
23 MARCH 2020	PUBLIC REPORT

Report of:	Peter Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Seaton Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel: 384557

COUNTER FRAUD POLICIES

R E C O M M E N D A T I O N S	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <p>1. Note contents of this report and approve the updated Counter Fraud Policies</p>	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Audit Committee as a routine planned report on the development of the role and service delivery of investigations.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Council provides a raft of services to the public from its scarce resources. Every effort is made to ensure that the resources are used for their intended purpose. However, there are occasions when this may not always be the case and the Council needs to have appropriate mechanisms to protect the public purse. This report sets out the Councils approach to tackling fraud and corruption.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.15 *“To monitor Council policies on “raising concerns at work” and the anti-fraud and anti-corruption strategy and the Councils complaints process”.*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 INTRODUCTION

4.1.1 The Accounts and Audit Regulations 2015 state that the Council must have measures in place “to enable the prevention and detection of inaccuracies and fraud”. Fraud also refers to cases of bribery and corruption.

4.1.2 The Councils Financial Regulations Section 4.4 “Preventing Fraud and Corruption” set out its position. It requires the Acting Corporate Director of Resources to lead on the development of anti-fraud policies, with all Directors responsible for reporting and operating in accordance with those policies.

4.1.3 The Council’s approach to tackling fraud and corruption is underpinned by a range of policies and procedures which set out ways in which concerns can be raised, investigated and reported and appropriate action taken. This report provides members with the following refreshed policies for approval:

- € Anti-Money Laundering Policy;
- € Sanction and Prosecution Policy (Council Tax and Business Rates); and
- € Sanction and Prosecution Policy (Blue Badge and Car Park Permits)

4.2 CORPORATE POLICIES

4.2.1 General

4.2.2 It is important that the Council has policies and procedures in place which are fit for purpose and are effective in preventing, detecting and investigating fraud where it occurs. Staff, agency workers and Members need to be made aware of, be able to understand and comply with the policies and procedures which comprise the Council’s counter fraud framework. Staff agency workers, Members and citizens must have confidence in the reporting arrangements and subsequent investigation of concerns which can be reported via the various channels available.

4.2.3 The review of the policies and procedures was identified as being a key aspect of the governance requirements for audit committees as set out by CIPFA in their publication on the Role of the Head of Internal Audit. A review of the existing policies has been undertaken and being presented to Audit Committee for approval. An Anti-Fraud and Corruption Strategy and associated Policy was approved in March 2018 at the Committee and this document remains relevant and up to date. All of the policies are presented in the appendices to this report for approval and are summarised as:

4.2.4 Anti-Money Laundering Policy (Appendix A)

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force in June 2017 and, for offences committed after 26 June 2017, replace the Money Laundering Regulations 2007.

The MLR 2017 and the Proceeds of Crime Act 2002 (‘POCA’) impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering. This policy sets out the actions officers who deal with transactions where the potential for money laundering exists. Although the Council is classed as an exempt body under the Regulations, it is considered good practice to carry out appropriate measures to minimise the risk that the Council and its employees may commit an offence under the relevant provisions of the Acts.

4.2.5 Sanction and Prosecution Policy (Council Tax and Business Rates) (Appendix B)

This Policy provides the framework for the investigation, sanctions and prosecutions in relation to Council Tax and the local Council Tax Reduction Scheme; and the Single Persons Discount scheme. The policy has been reviewed with Civil Penalties to reflect current legislation which is set out in Regulations 11, 12 and 13 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) 2013.

4.2.6 Sanction and Prosecution Policy (Blue Badges and Car Park Permits) (Appendix C)

This Policy provides the framework for the investigation, sanctions and prosecutions in relation to Council Tax and the local Council Tax Reduction Scheme; and the Single Persons Discount scheme. The policy has been reviewed with Civil Penalties to reflect current legislation which is set out in Regulations 11, 12 and 13 of the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) 2013.

4.2.7 Future Actions

National Fraud Initiative:

- At Audit Committee in January 2020, Members were provided with an overview of national studies of the extent of fraud within local government, together with progress on the data matching exercise, National Fraud Initiative. The next exercise is due to commence in October 2020, and once details are known as to the datasets, requirements and implications for the Council, a summary will be provided to Audit Committee.

Fraud Strategy:

- The Council's strategic response in relation to fraud is based on the national strategy Fighting Fraud and Corruption Locally 2016 – 2019. A new strategy is due for release on 26 March 2020 and has been developed as a partnership between local authorities as well as other sectors. Once released, the Council will look to update its strategy to meet latest developments and will be provided to a future Audit Committee.

Whistleblowing:

- There is a separate Whistleblowing Policy which falls under the remit of the Director of Law and Governance.

5. CONSULTATION

- 5.1 Consultation during the drafting of the documents has been through the Director Law and Governance and Acting Corporate Director of Resources.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 Updated corporate policies will be conveyed to all Members and employees to raise awareness and provide best practice.

7. REASON FOR THE RECOMMENDATION

- 7.1 Peterborough is subject to providing services with finite resources. The revised policies provide a clear steer on how the authority will look to reduce the abuse of, and fraudulent access to those resources.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The authority could do nothing but this would not be the best use of scarce resources. The policies provide a platform for better monitoring and detection of fraud and corruption.

9. IMPLICATIONS

Financial Implications

9.1 This report does not give rise to any additional capital or revenue financial implications. Actions to communicate the policies and to ensure compliance will be undertaken within the existing budgets.

Legal Implications

9.2 There are no legal implications.

Equalities Implications

9.3 Not applicable

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None.

11. APPENDICES

A: Anti-Money Laundering Policy

B: Sanction and Prosecution Policy: Council Tax

C: Sanction and Prosecution Policy: Blue Badges and Parking Permits