

AUDIT COMMITTEE	AGENDA ITEM No. 5
30 JANUARY 2023	PUBLIC REPORT

Report of:	Cecilie Booth Executive Director of Corporate Services and s.151 Officer	
Cabinet Member responsible:	Councillor Andy Coles Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Steve Crabtree Chief Internal Auditor	Tel. 384 557

ANTI-FRAUD AND CORRUPTION

RECOMMENDATIONS	
FROM : Steve Crabtree, Chief Internal Auditor	Deadline date : 30 January 2023 Audit Committee
It is recommended that Audit Committee:	
<ol style="list-style-type: none"> 1. Consider and endorse with appropriate comment, the updated Anti-Fraud and Corruption Statement. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee on the development of policies to support 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.:

2.2.2.16 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 Executive Director of Corporate Services 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.

Previous Audit Committee meetings have received reports which have refreshed policies for:

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

These are scheduled for the next Audit Committee meeting in March 2023.

4.2 **ANTI FRAUD AND CORRUPTION**

4.2.1 The previous strategy was influenced by “*Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016 – 2019*”. Various work has been undertaken nationally to update this and in doing so has strengthened its emphasis on strong leadership and governance. The bedrock of the statement is that executive support for anti-fraud activities are clearly demonstrated, setting the tone at the top. This updated statement reflects the emphasis to make it absolutely clear that fraud and corruption will not be tolerated.

4.2.2 The purpose of the document is to:

- Highlight relevant legislation;
- Set out the Council’s approach to countering fraud and corruption;
- Detail roles and responsibilities of officers and Members; and
- Provide guidance for officers and managers

4.2.3 The document clearly identifies the Council’s commitment to an effective Anti-Fraud and Corruption approach as part of its overall corporate governance arrangements. This aligns with CIPFA’s Code of practice on managing the risks of fraud and corruption and recognises that the approach will enable the Council to:

- Acknowledge and understand fraud risks;
- Prevent and detect more fraud; and

- Pursue and punish fraud and recover losses.

4.2.4 The document reflects best practice from the National Fraud Authority (NFA), Fighting Fraud Strategies and guidance from organisations such as ALARM (the National Forum for Public Sector Risk Management) and the IIA (Institute of Internal Auditors). While the document has been updated, the general themes remain the same. The risk of fraud has not changed, but new opportunities for fraudsters have arisen, such as recent exploitation of the Covid-19 pandemic. Therefore, it is important as ever to ensure that the Council response is as robust as possible to protect public funds, through good governance, awareness of the fraud risks, the ability to prevent and detect fraud and taking action against those that seek to defraud us.

5. CORPORATE PRIORITIES

5.1 This report and recommendation looks to protect the public purse and overall ensure that the Council's Corporate Priorities are delivered with the finite funds available. While use of finite resources will impact across all priorities, the key to this is ensuring that we have a Sustainable Future City Council.

The Economy & Inclusive Growth

- Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)
- Homes and Workplaces
- Jobs and Money

Our Places & Communities

- Places and Safety (including any rural implications)
- Lives and Work
- Health and Wellbeing

Prevention, Independence & Resilience

- Educations and Skills for All
- Adults
- Children

Sustainable Future City Council

- How we Work
- How we Serve
- How we Enable

6. CONSULTATION

6.1 The report and policy has been circulated to the Director of Corporate Services and the Director of Law and Governance and Monitoring Officer.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Updated corporate policies will be conveyed to Members, employees and partner organisations to raise awareness and provide best practice.

8. REASON FOR THE RECOMMENDATION

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

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 There are no other options to consider. The adoption and promotion of an effective Anti-Fraud and Corruption approach helps the Council encourage the detection of fraud and irregularities proactively and manage them appropriately. In aligning it with CIPFA's Code of practice on managing the risks of fraud and corruption, the Council continues to apply best practice. Potential fraud risks are assessed across the Council and activities in place to mitigate these. 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. This report sets out some of the practices employed to evaluate and manage these risks including involvement with the National Fraud Initiative. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

10. IMPLICATIONS

Financial Implications

- 10.1 There are no additional expenditure required as a consequence of this document. Fraud is a risk to both the Council's finances and its reputation. Resources lost to fraud, both monetary and through the provision of services are resources that are no longer available to support the council's aims and in turn the community. Regular reviews of counter fraud arrangements and their associated policies are designed to minimise the risk of fraudulent attacks on Council finances and services.

Legal Implications

- 10.2 These are set out within the report

Equalities Implications

- 10.3 Not applicable.

11. BACKGROUND DOCUMENTS

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

- 11.1 CIPFA: Code of Practice on Managing the Risk of Fraud and Corruption
CIPFA: Combating Financial Crime – Practical Advice for the Public Sector (2020)

12. APPENDICES

- 12.1 A: Anti-Fraud and Corruption Statement