

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	22nd March 2017

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

PURPOSE OF REPORT

1. To evaluate the Council's compliance with Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy 2016-2019.
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.

RECOMMENDATION(S)

3. That the Committee notes the report.

EXECUTIVE SUMMARY OF REPORT

4. The report summarises the results of an assessment carried out to compare the Council's current arrangements with the Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy 2016-2019 to ensure that the Council continues to operate in accordance with best practice.

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

5. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all.		A strong local economy.	
Clean, safe and healthy communities.		An ambitious council that does more to meet the needs of residents and the local area.	X

BACKGROUND

6. 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.
7. 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 and companion.

REVIEW OF COMPLIANCE

8. The review has now been undertaken and 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.
9. There are 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	<p>The Introduction of Grace Solution Risk Management software will assist with the identification and documenting of fraud risks throughout the Council.</p> <p>A specific fraud and corruption risk register will be compiled by Internal Audit in conjunction with risk owners.</p>
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 Ant-Fraud and Corruption Strategy to ensure that it remains current and meets the councils requirements
The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	The Introduction of Grace Solution Risk Management software will assist with the identification and documenting of fraud risks throughout the Council.

10. 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.

IMPLICATIONS OF REPORT

11. The matters raised in the report are cross cutting and impact upon individual services and the Council as a whole.

GARRY BARCLAY
HEAD OF SHARED ASSURANCE SERVICES

Background Papers

Document	Date	File	Place of Inspection
FIGHTING FRAUD & CORRUPTION LOCALLY – The Local Government Counter Fraud & Corruption Strategy 2016-2019	2016	K:\audit\SHARED AUDIT SERVICE\AUDIT\Fr aud Work, Awareness & Policies\Fraud Awareness\Fighting Fraud Locally\Fighting Fraud & Corruption locally 2016-19	Audit office, Town Hall

Report Author	Ext	Date	Doc ID
Garry Barclay Dawn Highton	01772 625272 5468	13-3-2017	Governance Committee update

Appendix 1

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

CHECKLIST	Yes / No / Partly	Evidence	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, including fraud risks when preparing its annual plan, which 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 under review.	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 and has also undertaken horizon scanning of future potential fraud and corruption risks.	Yes	An assessment of the risk 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	N/A
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.	Yes	Annual report being compiled and presented during March 2017	Completion and presentation of report on an annual basis.	Internal Audit March 2017

CHECKLIST	Yes / No / Partly	Evidence	Further action required	Action Owner Target date for completion
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"> • Anti-Fraud & Corruption Strategy • Fraud Response Plan • Data Protection • Proceeds of Crime guidance (anti-money laundering) • Constitution • Code of Conduct 	None	N/A
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 May 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 Is a generic template / process required to ensure that relevant officers and members are consulted.	None	N/A
Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Yes	Instances of fraud are publicised.	None	N/A
CHECKLIST	Yes /	Evidence	Further action required	Action Owner

	No / Partly			Target date for completion
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"> • Obtaining references, • Verifying qualifications • Posts may require a Disclosure and Baring (DBS) check. 	None	N/A
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, detailed in the constitution 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	N/A
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 and awareness of these are raised through monthly Core Briefs.	None	N/A
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	N/A
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	N/A

CHECKLIST	Yes / No / Partly	Evidence	Further action required	Action Owner Target date for completion
<p>Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p>	<p>Yes</p>	<p>Internal Audit maintain detailed records of suspected frauds reported to them and investigated. When required the outcome will be reported to Senior Officers and Governance Committee.</p> <p>All cases of suspected Housing Benefit fraud referred to DWP are frequently monitored.</p> <p>A record of all Council Tax Support and Single Person Discount fraud is also maintained and reported to the Customer Services Manager</p>	<p>None</p>	<p>N/A</p>
<p>Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</p>	<p>Yes</p>	<p>Internal Audit and officers who may be required to assist with suspected frauds have unfettered access to all relevant records.</p>	<p>None</p>	<p>N/A</p>
<p>There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.</p>	<p>Yes</p>	<p>Instances of fraud are publicised</p>	<p>None</p>	<p>N/A</p>
<p>All allegations of fraud and corruption are risk assessed.</p>	<p>Yes</p>	<p>All allegations of HB/CTS/SPD fraud are referred to Customer Services Investigation Officer.</p> <p>Following scrutiny, appropriate HB referrals are directed to DWP (SFIS) and after risk assessment CTS/SPD referrals are dealt with in house.</p> <p>All other frauds would be referred to the Head of Shared Assurance Services.</p>	<p>None</p>	<p>N/A</p>

CHECKLIST	Yes / No / Partly	Evidence	Further action required	Action Owner Target date for completion
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	N/A
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	N/A
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 approach is in place	None	N/A
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 Customer Services Investigation Officer 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 / Polices may be approached when required.	None	N/A
The local authority shares data across its own departments and between other	Yes	Data Sharing is in place where appropriate.	None	N/A

enforcement agencies.				
CHECKLIST	Yes / No / Partly	Evidence	Further action required	Action Owner Target date for completion
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	N/A
There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Yes	Customer Services Investigation Officer is PINS accredited and also holds Advanced Professional Certificate in Investigative Practice (NVQ Level 5)	None	N/A
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"> - surveillance - computer forensics - asset recovery - financial investigations. 	Yes	Additional expertise can be obtained if/ when required.	None	N/A