

	Finance and Audit Scrutiny Committee 12 July 2011	Agenda Item No. 6
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Title	Anti Fraud and Corruption Progress Report
For further information about this report please contact	John King Tel: (01926) 456816 E Mail: john.king@warwickdc.gov.uk
Service Area	Finance
Wards of the District directly affected	Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 23 rd November 2010 Minute 71
Background Papers	Anti Fraud and Corruption Strategy

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval

With regard to officer approval all reports *must* be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).

Officer Approval	Date	Name
Deputy Chief Executive	16.06.2011	Andrew Jones
Chief Executive		
CMT		
Section 151 Officer	16.06.2011	Mike Snow
Legal		
Finance	16.06.2011	Mike Snow
Portfolio Holder(s)	16.06.2011	Councillor Andrew Mobbs

Consultation Undertaken

Not applicable

Final Decision? Yes

Suggested next steps (if not final decision please set out below)

1. **SUMMARY**

- 1.1 The Anti Fraud and Corruption Strategy was approved by Executive in September 2005 with the intention that it be reviewed annually and that an action plan was formulated to help deliver its objectives. A copy of the strategy is attached as Appendix E.
- 1.2 The purpose of the strategy is to state publicly the council's zero tolerance attitude to fraud and corruption of any kind and to set out a series of measures and procedures designed to prevent, deter and detect any attempts at fraud and corruption.
- 1.3 Keeping the strategy under review, and as part of that preparing and completing an action plan each year, contributes to improving the control environment, raising awareness on fraud and corruption issues and the prevention and detection of fraud and corruption.
- 1.4 This report details progress against the 2010/2011 action plan and presents the 2011/2012 action plan.
- 1.5 Progress against the action plan will be monitored on a regular basis throughout the year.

2. **RECOMMENDATIONS**

- 2.1 That members note the report and its contents, in particular the progress being made in implementing the action plan for 2010/2011. (Appendix A)
- 2.2 That members approve the updated action plan for 2011/2012. (Appendix B)
- 2.3 That members approve the amendment to the strategy by the addition of the following paragraph in the section on Investigation.

"8.6 The Monitoring Officer will investigate allegations of fraud or criminal misconduct against Members. Investigations will be subject to supervision by and report to the Standards Committee. Where the allegation is within the terms of reference of the Council's auditors the matter will be referred to them."

3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 The strategy has been reviewed to ensure that it remains relevant and appropriate and that it bears comparison with the strategies in place at other authorities. No changes are considered necessary.
- 3.2 The action plan for 2011/2012 needs to be approved. The action plan is based on the continuous improvement of the Council's anti fraud and corruption measures.
- 3.3 In recent years the action plan has been fairly brief and somewhat repetitive due in part to the Audit Commission's previous view that the Council's arrangements for combating fraud and corruption are generally sound and also as a result of there only being a limited number of measures available for inclusion in the plan.

- 3.4 The action plan for 2010/2011 was considerably expanded to ensure that it kept pace with developments and lost its repetitive nature but at the same time retained the actions that are needed for the annual review of the strategy.
- 3.5 The action plan for 2011/2012 contains an appendix C that is a checklist taken from the 2010 Audit Commission report "Protecting the public purse: Fighting fraud against local government and local taxpayers". The checklist is aimed at those responsible for governance. The Audit Commission report recommends that councils should use the checklist to assess whether their counter fraud plans and actions are effective in the light of the risks identified.
- 3.6 The earlier 2009 Audit Commission report also included a checklist that formed part of the 2010/2011 action plan. The latest checklist is similar in content but it does contain some new areas to examine so it is considered worthwhile to include it in the action plan again with the focus being mainly on the new areas.
- 3.7 The action plan also includes actions to deal with publicising successful fraud cases, participating in The National Fraud Initiative (NFI), raising fraud awareness and assessing the risk of fraud by applying the latest CIPFA fraud risk assessment tool.
- 3.8 CIPFA has produced an aid to assessing the risk of fraud entitled Fraud Risk Evaluation Diagnostic 1 (FRED1). This enables the evaluation of counter fraud arrangements in place at an organisation and the identification of strengths and weaknesses. Any weaknesses identified will be possible risks and action will be necessary to manage them. By managing the risks the Council will be able to demonstrate its robust counter fraud arrangements.
- 3.9 When the annual progress report was presented to this committee on 22nd June 2010 Councillor Edwards expressed a view that the strategy should include reference to the investigation processes to be adopted if members were suspected of wrong doing, including the role of Audit and the Standards Committee. Alleged misconduct by members will be investigated in accordance with the procedures contained in the Member / Officer Protocol and this is the basis for the wording of the paragraph presented for approval at 2.3.

4. **ALTERNATIVE OPTION CONSIDERED**

- 4.1 There are no alternatives to approving the updated action plan.

5. **BUDGETARY FRAMEWORK**

- 5.1 It is possible for fraud and corruption to have some bearing on all of the Council's activities. However, approval of the action plan does not have a direct impact on any budget.

6. **POLICY FRAMEWORK**

- 6.1 The Council is committed to managing its services and resources openly, fairly and efficiently. The Anti Fraud and Corruption Strategy assists in delivering those aims.

7. **BACKGROUND**

- 7.1 Fraud and corruption in both the public and private sectors is a problem that has been around for many years and it shows no signs of abating. Central government initiatives are loudly proclaimed but their effect is minimal as fraudsters become ever more resourceful. Since the mid 1990s the Audit Commission has produced a series of reports entitled "Protecting the Public Purse" which draw attention to the levels of fraud and corruption in the public sector and make recommendations on measures to address the problem.
- 7.2 One of the recommendations concerned the creation of an anti fraud culture which included the formal adoption of a policy which stated the Council's zero tolerance attitude and sent a clear message to all concerned that fraud and corruption would not be tolerated.
- 7.3 The Council first adopted a policy in September 1995 and was commended by the Audit Commission for being one of the first local authorities in the country to do so. This was replaced by the current policy and strategy in September 2005.