



## AUDIT AND GOVERNANCE COMMITTEE

Tuesday 12 March 2019

### CORPORATE FRAUD BUSINESS PLAN 2019/20 (AG 07/19)

<b>EXECUTIVE SUMMARY</b>	
1.	The Corporate Fraud Business Plan 2019-20 details the Council's proposed approach to the prevention, detection and prosecution of fraud and corruption. The plan sets out the desired outcomes and management processes aligned to the Council's strategic objectives to provide value for money by identifying any fraud and error across all the Council's activities.
2.	This report is presented to the Audit and Governance Committee in compliance with its terms of reference to '...Monitor Council policies on...Anti-Fraud and Corruption'.

Is the report Open or Exempt?	Open
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Wards Affected:	All
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Cabinet Members:	Councillor Richard Kerry Cabinet Member with responsibility for Housing  Councillor Stuart Lawson Cabinet Member with responsibility for Resources
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Supporting Officer:	Mrs Siobhan Martin Head of Internal Audit 01394 444254 <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a>
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## **1. INTRODUCTION**

- 1.1 The Corporate Fraud Team covers both Waveney District Council (WDC) and Suffolk Coastal District Council (SCDC). The Team is managed by the Head of Internal Audit. The Corporate Fraud Business Plan at Appendix A represents the planned corporate wide anti-fraud work 1 April 2019 onwards.
- 1.2 The Joint Corporate Fraud Team will continue to focus its approach on anti-fraud and error across the two partnership authorities and work will involve promotion of anti-fraud and error, training, education as well as prevention, detection and investigative work, under the partnership arrangements of the Head of Internal Audit, which covers Ipswich Borough Council.
- 1.3 The Financial Year ahead will continue to be a year of further development and enhancement in the field of corporate anti-fraud activity under the new Council arrangements, given the ever changing face of fraud.
- 1.4 A key responsibility within the Audit and Governance Committee's terms of reference is to '...Monitor Council policies on... Anti-Fraud and Corruption'.

## **2. BACKGROUND**

- 2.1 The Council maintains a zero tolerance approach towards fraud and corruption, and the existence of a professional Corporate Fraud Team demonstrates the Council's commitment to this objective.
- 2.2 Fraud is an act of deception carried out for personal gain or to cause loss, or a loss to another party. In the Public Sector fraud can be committed internally by workers or externally by suppliers, contractors and members of the public. Fraud covers a wide spectrum of activities and can affect all departments.
- 2.3 The Audit Commission, now known as the Public Sector Audit Appointments Ltd, along with other designated responsibilities, e.g. Head of Paid Service, Section 151 Officer, Monitoring Officer and Head of Internal Audit, requires local authority services to have in place an effective counter fraud strategy and plan. This report demonstrates that the Council has such a plan in place. Each year the Council's external auditors and Central Government quasi bodies note and comment upon the proactive and reactive work undertaken by the Council.
- 2.4 The Corporate Fraud Business Plan 2019-20 is a direct contribution to meeting the Council's objectives and a key contributor to enabling the Government's austerity measures in reducing public expenditure by reducing fraud.

## **3. HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?**

- 3.1 This report underpins the entire delivery of the East Suffolk Business Plan by supporting the governance environment in which it operates. The Corporate Fraud Business Plan aims to deliver a mechanism to prevent, detect and prosecute fraudulent behaviour and thus provide improved value for money given the finite local government resources available. The work of the Corporate Fraud Team is directly aligned to protecting the public purse and been designed to address the areas of concern identified locally and nationally as described within The European Institute for Combatting Corruption and Fraud (TEICCAF) and the publication entitled 'Protecting the Public Purse' 2016.

## **4. FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 4.1 The Corporate Fraud Business Plan 2019-20 works in conjunction with other fundamental documents; these form the foundations for Corporate Anti-fraud activity across the Council. Key supporting documents can be found on the Council's intranet and are listed as follows:

- Anti Bribery Policy
- Anti-Fraud and Corruption Strategy (incorporating Prosecution & Sanction Policy)
- Whistleblowing Policy
- Regulation of Investigatory Powers Act Policy
- Code of Corporate Governance.

## 5. RISK MANAGEMENT

<b>Risk Description</b>	<b>Consequence of risk</b>	<b>Risk Controls</b>	<b>Actions to mitigate risk</b>
1. Failure to prevent and detect fraud.	Financial Loss.  Inability to provide services to those in need.  Reputational damage.	Investigations undertaken by Corporate Fraud Team through referrals.  Preventative due diligence measures implemented for some service processes.  Corporate Fraud Team raising awareness of fraud.	Referrals risk assessed and investigations conducted where appropriate. Sanctions publicised where appropriate.  Due diligence measures undertaken as part of business as usual to prevent and deter fraud in the first instance.  Fraud clinics held for staff. Responsible for promoting the International Fraud Awareness Week
2. Lost opportunity to work with Registered Social Landlords (RSL's) and neighbouring Councils.	Loss of income	Regular meetings with RSL's and neighbouring Councils.	Member of Tenancy Fraud Forum  Promoting CF services to social Landlords and other Councils currently being undertaken
3. Failure to undertake mandatory National Fraud Initiative data matching exercise.	Reputational damage.	Matches co-ordinated by Internal Audit and Corporate Fraud Services.	Included as part of Internal Audit and Corporate Fraud Business Plans. Shown to produce savings across the Service area by this data matching

## 6. OTHER KEY ISSUES

- 6.1 This report does not require an Equality Impact Assessment, a Sustainability Impact Assessment or a Partnership Impact Assessment.

## 7. CONSULTATION

7.1 Consultation has taken place with the Senior Management Team and relevant Portfolio holders.

## 8. OTHER OPTIONS CONSIDERED

8.1 No further options have been considered.

## 9. REASON FOR RECOMMENDATION

9.1 To apprise Members of the planned corporate anti-fraud work to be undertaken at the Council. To ensure Members of the Committee discharge their duties and responsibilities in accordance with the Committee's terms of reference.

### RECOMMENDATION

That the Corporate Fraud Business Plan 2019-20 be commented upon and endorsed.

### APPENDICES

Appendix A : Corporate Fraud Business Plan 2019-20

### BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
February 2019	International Public Sector Fraud Forum 'A Guide to Managing Fraud for Public Bodies'	Head of Internal Audit
2018	Annual Fraud Indicator 2017 (Centre for Counter Fraud Studies)	Head of Internal Audit
June 2018	National Fraud Initiative Report (01.04.16-31.03.18)	Head of Internal Audit
January 2017 (latest version)	'Protecting the English Public Purse' 2015 and 2016, issued by The European Institute for Combatting Corruption and Fraud.	Head of Internal Audit