

**Counter Fraud & Corruption Policy**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service/Lead Director</b>	Mark Green, Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Rich Clarke, Head of Audit Partnership
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

A refreshed policy setting out how the Council aims to identify and mitigate the risks of fraud, corruption and wider economic crime. The Policy also sets out how the Council will deal with incidents.

**This report makes the following recommendations to this Committee:**

1. That the Counter Fraud & Corruption policy is approved.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Wider Leadership Team	9 January 2018
Audit, Governance & Standards Committee	15 January 2018
Policy & Resources Committee	14 February 2018

# Counter Fraud & Corruption Policy

## 1. INTRODUCTION AND BACKGROUND

1.1 The Council's present counter fraud policy dates from 2009. While that document remains fundamentally sound, it has fallen out-of-date against current best practice. There are also specific developments since then, including the *Bribery Act 2010* and *CIPFA's Counter Fraud Code of Practice* that should feature within the Council's policymaking.

1.2 We have aimed to keep the Policy brief and straightforward with much detail included within the appendices. Those appendices are in summary rather than attached here for the following reasons:

- They contain details of investigative method (including, for example, the range and types of information shared) that might aid potential fraudsters.
- They repeat policies already seen by Members (including the Whistleblowing Policy).
- They need further detailed development with at-risk services (for instance discussing with public facing, decision making and cash handling departments on specific procedures to identify and address bribery threats).

1.3 However, for a brief overall summary, see the notes below which describe how the Policy addresses the key principles of the *CIPFA Code*.

Key Principle	Policy Approach
1 – Accept responsibility	Includes clear statements on the unacceptability of fraud (e.g. paras 1 to 7) and describing roles and responsibilities of individuals and groups (e.g. paras 15 to 30).
2 – Identify risks	Sets out an approach to identifying fraud risk (para 32), including reference to external and benchmarking data.
3 – Develop a strategy	Overall strategy set out in general procedures (paras 31 to 45) plus specific commitment for annual plan (para 33).
4 – Provide resources	Includes provision for specific annual plan (para 33) and oversight arrangements (para 45).
5 – Take action	Sets out response features (paras 41-42), including seeking sanctions and publicising success. Also includes commitment to upholding training and awareness (para 40).

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## 2. AVAILABLE OPTIONS

2.1 The Council is not required to have a Counter Fraud & Corruption policy. However, it is in keeping with the Council's desired standards of governance

to clearly set out its approach to identifying and tackling economic crime and affirming a robust approach to threat. The Council does currently have a policy that, broadly, conforms to those aims and would allow (but not demand) the extra action set out in appendix 1.

- 2.2 Members could, therefore, choose to keep the previous policy.
- 2.3 Alternatively, the Policy at Appendix 1 conforms to current best practice, in particular in recognising developments since the previous incarnation. It also sets out with more clarity our aims to keep our approach updated year to year for developing risk and providing results to Senior Management and Members. It also clarifies decision making around information and investigation.

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### **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 We recommend approval of the Policy at Appendix 1. This will direct a more comprehensive approach to tackling fraud and corruption. We will set that out in more detail in the Internal Audit & Governance Plan 2018/19.

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### **4. RISK**

- 4.1 We have considered the risks associated with this proposal, including the risks if the Council does not act as recommended in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the (Risk Management) Policy.

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### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 We presented to Members in an informal briefing in November 2017 our outline plans for the Policy. In a discussion following that presentation, Members made several points on areas to include, such as stressing the benefits of publicising successful prosecutions. The Policy reflects the feedback from that discussion.
- 5.2 The Policy was circulated to the Director of Finance and Business Improvement last month and updated for comments. The Policy was also discussed at a Wider Leadership Team meeting on 9 January.
- 5.3 The Council is also a member of the CIPFA Counter Fraud Network. Using that membership we have circulated the policy to CIPFA for comment.
- 5.4 Finally, the policy was presented to the Audit, Governance & Standards Committee on 15 January 2018 for recommendation onwards to this

Committee. The policy as presented at Appendix 1 reflects all those comments with Appendix 2 setting out the detail of those changes.

- 5.5 Note also that since circulating the Policy to Members in January the Council has published updated branding guidelines for Corporate documents. The Policy at Appendix 1 has also been amended to reflect these new corporate branding requirements (for example in including the 'wave' footer and standardising the colouring and font choice).

## 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Once agreed, the Policy will inform preparation of our 2018/19 Internal Audit & Governance Plan. Members of the Audit, Governance & Standards Committee will see that plan in the Spring and have opportunity to comment on the detail.

## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims by helping enhance the quality of corporate governance.	Rich Clarke Head of Audit Partnership 1 February 2018
<b>Risk Management</b>	See section 4	
<b>Financial</b>	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding.	[Section 151 Officer & Finance Team]
<b>Staffing</b>	We will deliver the recommendations with our current staffing. The Mid Kent Audit team includes 3 officers with relevant professional qualifications. We will keep the required level of experience and expertise under review.	Rich Clarke Head of Audit Partnership 1 February 2018
<b>Legal</b>	The Council is free to set out policies on how it will address economic crime risk and incidents. The actions set out in the policy are within the Council's powers, which include investigating incidents and (potentially) referring for prosecution.	Keith Trowell Interim Team Leader (Corporate Governance) 1 February 2018
<b>Privacy and</b>	The Policy includes references to how we will	

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Data Protection</b>	use information to help identify and address risks of Economic Crime. The Policy also sets out that we will share information with others where useful and efficient.  We will undertake all data sharing in line with applicable laws and policies.	
<b>Equalities</b>	The recommendations do not propose a change in service that require an equalities impact assessment	Rich Clarke Head of Audit Partnership 1 February 2018
<b>Crime and Disorder</b>	The Policy aims to improve the Council's approach in dealing with specific forms of crime.	
<b>Procurement</b>	The Policy does not require any immediate procurement. Any future procurement exercises for products or services that would enhance our approach will be undertaken in line with applicable Contract Standing Orders.	

## **8. REPORT APPENDICES**

- Appendix 1: Counter Fraud & Corruption Policy
- Appendix 2: Tracked changes from version presented to Members of the Audit, Governance & Standards Committee on 15 January 2018.

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## **9. BACKGROUND PAPERS**

CIPFA Code of Practice for Counter Fraud -

<http://www.cipfa.org/services/counter-fraud-centre/code-of-practice>

Existing Corporate Anti-Fraud and Corruption Policy -

<http://vindex/HR/Documents/Corporate%20Anti%20Fraud%20and%20Corruption%20Policy.pdf>