

Subject: Anti-Fraud and Corruption
Strategy

Status: For Publication

Report to: The Cabinet

Date: 15th November 2006

Report of: Executive Director of Resources

Portfolio

Holder: Finance and Risk Management

Key Decision:

Yes

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

1.1 To seek approval for the Anti-Fraud and Corruption Strategy.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Financial Management through putting in place a strategy which is a key requirement in the Internal Control element of the Use fo Resources Assessment.*

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation in this report involve risk considerations as set out below:

- *Reputational risks, in that if the Council does not adopt a strategy such as this it runs the risk of not having proper procedures in place if fraud or corruption are identified and there is a risk that the Council's intolerance of fraud and corruption is not properly made clear in the absence of a statement such as this.*
- *Regulatory risks in that while the Council has adopted specific strategies in the areas where there is the most significant risks of fraud (housing and council tax benefit) external review agencies expect a more wide ranging corporate approach to be in place.*

4. BACKGROUND AND OPTIONS

- 4.1 The Council has, in the past, stated very clearly that it would wish to see any instance of fraud or corruption identified punished as severely as possible. To this end the Council supports active work to prevent and detect fraud in the most high profile risk area, housing and council tax benefit.
- 4.2 With some widely publicized exceptions British local government has a very proud record of being free from corruption and this Council would want to uphold that reputation. To do so however, requires the Council to clearly articulate its policy stance against such acts and to clearly identify how it will deal with any allegations that do come to light to ensure that investigatory procedures capable of supporting the scrutiny of eventual legal action are followed.
- 4.3 The attached document which deals with issues of fraud and corruption generally, rather than allegations related to benefits specifically has been prepared to ensure that when an allegation is received it is clear to those involved what action should be taken in each and every eventuality. It should be repeated that such allegations are very rare. However, the existence of a well publicised stance that the Council will always investigate and prosecute or take other disciplinary action provides a significant deterrent effect which contributes to a strong ethical culture and a robust internal control framework.
- 4.4 Specific work in relation to Fraud is of two types, and the Council will engage in both to varying degrees:
- Pro-active work, which aims to detect or uncover such acts. Examples of this include the National Fraud Initiative which involves the use of data from all councils to identify and then investigate potential frauds. Examples of the types of fraud uncovered through this sort of work might be working while claiming benefits.
 - Reactive work, which is where there is a response to an incident or a report of potential wrongdoing. Where this is wholly financial it will usually be investigated by Internal Audit, where it involves for example misuse of the Council's resources then line management with suitable support (e.g. from IT specialists) will usually carry out the investigation.
- 4.5 In all cases where the evidence indicates a prima facie case of fraud the Council will take action, either involving the Police, using its own powers where appropriate, or through internal disciplinary channels if appropriate.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 As stated in the report, the adoption of the Strategy both develops Member's leadership role and supports the Council in embedding financial management by supporting the internal control environment which is key to both the annual Use of Resources Assessment and the Statement of Internal Control

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 The anti fraud and corruption strategy is a key policy to ensure the Council embeds high standards of ethical governance .

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 Full consultation taken place with the Trade Unions. The Strategy would be used in conjunction with the Disciplinary Procedure as appropriate.

8. CONCLUSION

8.1 Fraud and corruption represent a risk to any public body and it is important in terms of retaining public confidence to make a clear statement of the Council's stance on such matters. The attached strategy document sets out such a stance and reinforces the framework already adopted in relation to benefit fraud.

9. RECOMMENDATION(S)

9.1 The Cabinet are recommended to approve the attached Anti-Fraud and Corruption Strategy.

10. CONSULTATION CARRIED OUT

10.1 Trades Unions through the Joint Consultative Committee, Statutory Officers and Head of Human Resources.

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No background papers