

## Audit, Governance and Standards Committee

24<sup>th</sup> July 2019

### Anti Fraud and Corruption Strategy

Report by the Head of the South West London Audit Partnership

#### **Purpose**

The Council's Anti-Fraud and Anti-Corruption Strategy was last approved by the Audit, Governance and Standards Committee at its' meeting on 13 January 2016.

The Anti-Fraud and Anti-Corruption Strategy (The Strategy) is directly linked to and contributes to the achievement of the Council's objectives through maximising value for money of public funds.

The Committee's approval is being sought to this revision to The Strategy.

#### **Recommendation**

To **RESOLVE** that -

- (a) the revised Anti-Fraud and Anti-Corruption Strategy shown in **Annex 1** be approved; and
- (b) its principles be commended to school governing bodies, and where appropriate to other stakeholders, including partnerships, arm-length organisations, and to contractors.

## **INTRODUCTION**

1. The Strategy supports the Council's strategic objectives, it forms an important part of the Council's governance arrangements, and the detailed provisions are implemented via corporate and departmental management arrangements, structures, people and systems. Effective implementation will support achieving maximum benefits from Council's finances, help to concentrate both the Council's and its partners' on delivering services to those in genuine need, promote public confidence and reduces crime.
2. These arrangements are subject to continuing internal review and improvement and are also subject to review by the External Auditor.

## **LEGISLATION**

3. The major piece of legislation in relation to the Anti-Fraud and Anti-Corruption Strategy is the Fraud Act 2006 that came into force in January 2007. The Act states there is a general offence of fraud with three ways of committing it:
  - (a) Fraud by false representation;
  - (b) Fraud by failing to disclose information; and
  - (c) Fraud by abuse of position
4. It also creates new offences of:
  - (a) Obtaining services dishonestly;
  - (b) Possessing, making and supplying articles for use in frauds, and
  - (c) Fraudulent trading applicable to non-corporate traders
5. In addition, the Bribery Act 2010 updated and extended existing legislation against corruption which dated back to 1889. It created 4 new offences of:
  - (a) Offences of bribing another person;
  - (b) Offences relating to being bribed;
  - (c) Bribery of a foreign official, and
  - (d) Failure of commercial organisations to prevent bribery.
6. The Trading Standards Service are authorised to enforce the provisions of The Fraud Act 2006 as part of any investigations carried out by them, and will use that legislation in relation, for example, to rogue builders and those responsible for placing counterfeit goods on the market place, which has been a significant issue with regard to some of our indoor markets.
7. The South West London Fraud Partnership (SWLFP) provide resources to investigate any allegations of fraud and corruption and if the allegation is found to be correct appropriate action will be taken against the individual(s), following consultation with the relevant parties, i.e. Head of Audit, Head of Corporate Human Resources, Legal Services, Section Head.
8. The Council's use of its specific powers under the Regulation of Investigatory Powers Act 2000 (RIPA) namely covert surveillance and acquisition of communications data is monitored by the IPCO. The Council's systems were last inspected in March 2018 and have been deemed fit for purpose and its authorisations of the use of its powers deemed to be lawful.

## **THE PROPOSED ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY**

9. The proposed Strategy is included as **Annex 1** to this report and aims to support the Council's corporate objective. The Strategy is designed to help maximise the application of approved resources to meet genuine service needs and to minimise irrecoverable losses. It should enhance public confidence and seeks to bring to justice those who commit acts of fraud or corruption against the Council.
10. Underpinning the Strategy there is a framework, toolkit of Policies and Procedures, including The Staff Disciplinary Code and Whistleblowing Policy, and these are reviewed on a regular basis to ensure that they support the Strategy and the Council's objectives.

## **PUBLICISING THIS STRATEGY**

11. The revised Strategy will be placed on the Council's website and intranet, a staff notice will be given to all current staff and it is currently included within the corporate induction pack for new staff. Directors will make suitable arrangements for The Strategy to be discussed and reinforced at the regular team, section, service and directorate meetings that happen within departments.

## **FUTURE REVIEWS OF THE STRATEGY**

12. The Head of Audit, in consultation with the Head of Shared Fraud Services, the Head of Corporate Human Resources, Legal Services and other relevant officers, will continue to review the Strategy on an ongoing basis, with formal reviews by the Audit, Governance and Standards Committee, including notification of any necessary changes arising from the ongoing review process.

## **CONCLUSION**

13. The proposed Strategy provides a cohesive framework for minimising the Council's exposure to fraud and corruption and endorses the various mechanisms currently in place. The proposals for future reviews reflect the need to maintain the effectiveness of the Strategy over time and to maximise its impact via co-ordination with the review of relevant codes, policies and procedures.

## **Authors of Report**

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## **Background Papers**

None