

**Open Report on behalf of Pete Moore, Executive Director Resources and  
Community Safety**

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| Report to: | <b>Audit Committee</b>                         |
| Date:      | <b>09 July 2012</b>                            |
| Subject:   | <b>Draft Revised Counter Fraud Policy 2012</b> |

**Summary:**

This report explains the proposed changes to the Council's Counter Fraud Policy which are necessary due to new legislation and recent publications from the National Fraud Authority.

**Recommendation(s):**

To consider and approve the proposed changes to the Council's Counter Fraud Policy.

**Background**

In 2007 the Council strengthened its approach to tackling fraud and corruption and developed a policy which outlined the new arrangements and reflected its commitment to reduce fraud and loss to an absolute minimum and keep it there.

Apart from a minor update in 2010, our Policy has not significantly changed but with new legislation and a Local Government Fraud Strategy we feel there is a need to align our policy to the national approach, incorporating the three themes of *Acknowledge, Prevent and Pursue*.

**Counter Fraud Policy**

**The Bribery Act 2010**

- 1 The Bribery Act came into force in July 2011 – our existing policy provides definitions of corruption i.e. the giving or receiving of bribes but does not refer to the Act or the new offences. This is tough legislation but in reality presents little change for those in public office. There are some implications for the Authority which is captured by the definition of a “commercial organisation”.
- 2 We have made two references to the Bribery Act:

- Senior officers can be convicted of an offence if they are deemed to have given their consent to giving or receiving a bribe
  - Failing to prevent bribery on behalf of a commercial organisation (corporate liability)
- 3 There are severe penalties for organisations – unlimited fines, reputational damage and prosecution. The Act requires organisations to have “adequate procedures in place to prevent bribery” – the procedures are to be based on the level of risk of bribery within the organisation.
  - 4 We believe the risks are, in part, covered by our Counter Fraud Policy, Whistleblowing Policy, Code of Conduct, Contract Regulations, due diligence and requirement to declare interests and hospitality. There is scope to improve communication and, with the launch of the revised counter fraud policy, we have the opportunity to ensure our bribery prevention procedures are embedded and understood throughout the Council.

### **Local Government Strategy – Fighting Fraud Locally 2012**

- 5 The new strategy encourages authorities to take a tougher approach to tackling fraud and corruption. Lincolnshire County Council has had robust arrangements for years and our approach already reflects much of the best practice recommended by the National Fraud Authority.
- 6 Our existing approach has been around the six areas: deterrence, prevention, detection, investigation, sanctions and redress. Our work will continue in these areas but we have now framed our response around the National Fraud Authority’s key themes of: acknowledge, prevent and pursue. How we operate as a team will remain the same – the Authority’s stance on fraud remains the same – zero tolerance.
- 7 Adopting the national themes on fraud will enable us to demonstrate, more easily, how we are implementing the recommendations contained within the Local Government Strategy. We will be able to participate in national benchmarking and peer review to provide assurances that we are doing all we can to protect our resources from fraud.
- 8 All guidance and good practice from the National Fraud Authority will fall within their three themes – structuring our policy in this way will enable us to implement the national recommendations, demonstrate compliance and focus our future work plans.

### **Conclusion**

- 9 The proposed update to the Council’s Counter Fraud Policy does not represent a significant change in approach. It recognises the legislative requirements of the Bribery Act and aligns our response to that defined within the Local Government Fraud Strategy. It should also help to provide assurances that we are keen to adopt any best practice recommendations

issued by the National Fraud Authority to improve our counter fraud arrangements.

## Consultation

### a) Policy Proofing Actions Required

n/a

## Appendices

|   |                               |
|---|-------------------------------|
| These are listed below and attached at the back of the report |                               |
| Appendix A  | Draft Counter Fraud Policy    |
| Appendix B  | Exisitng Counter Fraud Policy |

## Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

| Document title   | Where the document can be viewed |
|--|----------------------------------|
| Local Government Fraud Strategy - Fighting Fraud Locally | National Fraud Authority website |

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