



## Open Report on behalf of Andrew Crookham - Executive Director of Resources

Report to:	<b>Audit Committee</b>
Date:	<b>14 November 2022</b>
Subject:	<b>Review and Update of Counter Fraud Policies</b>

### Summary:

The Counter Fraud and Anti-Corruption policy - together with associated Whistleblowing / Anti-Money Laundering Policies have been reviewed and continue to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption - whether it's attempted on, or from within the Council. These policies are an important part of the Council's governance and internal control arrangements.

### Recommendation(s):

That the Committee approves (subject to any comments / feedback):

1. Revised Counter Fraud & Anti Corruption Strategy 2022-24.
2. Revised Counter Fraud Policy.
3. Revised Whistleblowing Policy.
4. Revised Anti-Moneylaundering Policy.

### Background

1. The Council sets itself high standards for both members and officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly.
2. It has in place policies, procedures and initiatives to prevent, detect and report on fraud, bribery and corruption, including our Whistleblowing policy, Anti-Money Laundering (AML) procedures and guidance, all supported by an overarching Counter Fraud and Anti-Corruption Strategy.
3. Part 4 of the Council's Constitution sets out the requirements to prevent fraud and corruption within Financial Regulation C – Risk Management and Internal Control.

4. Part 5 of the Council's Constitution – codes and protocols - sets out the standards of conduct to be adhered to by officers and members. This includes the principles of honesty, openness and accountability.
5. The following policies show how we discharge the Constitutional requirements – aiming to:
  - reduce fraud and corruption losses within the Council to an absolute minimum and maintain that level.
  - protect the Council's valuable resources by ensuring they are not lost through fraud or corruption but are used for improved services to Lincolnshire residents.
  - promote our Counter Fraud culture which highlights the Council's **zero tolerance** of fraud, corruption, and theft, which defines roles and responsibilities and actively engages everyone – the public, councillors, staff, managers, and policy makers.

#### **Counter Fraud & Anti-Corruption Strategy 2021-24 – Appendix A**

6. The strategy clearly identifies the Council's commitment to an effective Counter Fraud and Anti-Corruption approach as part of its overall Corporate Governance arrangements. This aligns with CIPFA's Code of practice on managing the risks of fraud and corruption and recognises that the strategy will enable the Council to:
  - **Govern** – maintain robust arrangements and executive support to ensure counter fraud measures are embedded throughout the Council.
  - **Acknowledge, protect and understand fraud risks** – recognising the harm that fraud can cause – seeking to protect the Council and its residents from fraud.
  - **Prevent and detect more fraud** – ensuring that there is sufficient policy, procedures and resources in place
  - **Pursue** – investigation and prioritising fraud recoveries, sanctions, punishment of offenders. Recover losses and learn lessons.
7. The Strategy reflects best practice from the National Fraud Authority (NFA) Fighting Fraud Strategies and guidance from organisations such as ALARM (the National Forum for Public Sector Risk Management) and CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.

## **Counter Fraud Policy – Appendix B**

8. The policy sets out how we implement the strategy and the principles that should be applied. It specifies roles and responsibilities and reporting mechanisms – including our fraud response plan.

## **Whistleblowing Policy – Appendix C**

9. We know that there is always a risk that something may go wrong, or that someone may ignore our policies, our procedures, or the law. This may result in some very serious consequences. Experience shows that staff, or others who work on behalf of an organisation, often have worries or suspicions and could, by reporting their concerns at an early stage, help put things right or identify and stop potential wrongdoing.
10. The Whistleblowing policy provides a safe way for people to raise concerns so we can investigate and take action as soon as possible. Independent governance and oversight of the whistleblowing process is undertaken by the Council's Corporate Audit and Risk Management Service – Audit and Counter Fraud Team.
11. All genuine concerns are taken issues seriously - this policy explains how to raise a concern, the types of activity that should report, the protection provided, confidentiality, the Council's response and how to take matters further, if necessary. This policy does not replace existing employment policies: grievance, dignity at work and disciplinary.
12. This policy confirms the Council's commitment to ensuring that the relevant legislation is complied with – the Public Interest Disclosure Act 1998 (PIDA – amended by the Enterprise and Regulatory Reform Act 2013).

## **Anti-Money laundering Policy – Appendices D & E**

13. The Council is committed to preventing the Council, and its employees, from being exposed to money laundering, help to identify the risks where it may occur and to comply with legal and regulatory requirements.
14. The development of legislation (The Proceeds of Crime Act 2002 and the Terrorism Act 2000) and regulations (Terrorist Financing and Transfer of Funds Regulations 2017) places obligations on the Council and its employees to ensure procedures are in place to prevent services being used for money laundering or terrorist financing
15. Any business in any sector can be subject to money laundering risks – local government is no exception.
16. This policy applies to all employees of the Council and sets out procedures to be followed when there are suspicions of money laundering activity – it confirms the Council's commitment to ensuring that the relevant legislation is complied with.

## **Audit Committee Role and Remit**

17. The Audit Committee plays a vital role in the Council's governance framework – with one of its key responsibilities being oversight of the Council's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose. This includes reviewing these counter fraud policies and considering whether they meet recommended practices (**Code of Practice on Managing the Risk of Fraud and Corruption** (CIPFA, 2014)).

## **Conclusion**

18. The update of the Council's counter fraud policies help demonstrate that effective arrangements are in place - designed to promote and ensure probity and propriety in the conduct of its business. They:

- Clearly identify responsibilities and monitoring arrangements to highlight high risk areas.
- Reflects the Council's stance on fraud and corruption which acts as a deterrent to potential fraudsters.
- Ensure that all relevant legislation is complied with.
- Help to ensure that crime committed against the Council can be detected and addressed.

## **Consultation**

**a) Have Risks and Impact Analysis been carried out??**

No

**b) Risks and Impact Analysis**

A fraud risk register is in place and reviewed by Senior Management and the Audit Committee.

Fraud losses potentially reduce the level of funding available for service delivery.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Revised Counter Fraud & Anti-Corruption Strategy 2022-25
Appendix B	Revised Counter Fraud Policy
Appendix C	Revised Whistleblowing Policy
Appendix D	Revised Anti-Money laundering Policy
Appendix E	Money laundering report form

## Background Papers

Document title	Where the document can be viewed
Lincolnshire County Council's Constitution	LCC web site
Code of Practice for Managing the Risk of Fraud and Corruption (CIPFA 2014)	CIPFA website

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