

GOVERNANCE COMMITTEE

2 APRIL 2014

REPORT OF HEAD OF WELLAND INTERNAL AUDIT CONSORTIUM

REVIEW OF THE CORPORATE COUNTER-FRAUD STRATEGY

1.0 PURPOSE OF REPORT

1.1 To seek Member approval of revisions to the Corporate Counter-Fraud Strategy.

2.0 RECOMMENDATIONS

2.1 **That Members approve the revised Corporate Counter-Fraud Strategy.**

3.0 KEY ISSUES

3.1 The Corporate Counter-Fraud Strategy was designed to promote continuous improvement in the Council's arrangements to reduce exposure to the risk of fraud. It contains specific Action Points designed to ensure that arrangements remain fit for purpose – such as the requirement to review Financial Procedural Rules annually. At the date of drafting, the Strategy also contained Action Points designed to address pending changes to the legal framework within which the Council operated – specifically changes arising from the Localism Act.

3.2 The Localism Act required the Council to put in place arrangements to deal with issues of alleged Member misconduct. The Council has delegated to Governance Committee responsibility for dealing with issues relating to Member conduct and this has been acknowledged in the revised Strategy.

3.3 An internal audit review of the Council's counter-fraud arrangements identified some opportunities to enhance arrangements. These can be summarised as:

- Making more clear and more explicit the responsibilities of individual Members and Officers to report any suspicions about fraud or corruption to an appropriate Officer;
- Making it clear that the Council adopts a “zero tolerance” approach to fraud;
- Making clear to local people the cost to them of fraud against the Council and the wider public sector; and
- Adopting an evidenced-based approach to determining how much internal audit time should be committed to counter-fraud activity.

These enhancements to the Strategy are captured in the revised draft shown as Appendix A. Because the appendices to the Strategy are unchanged and do not relate directly to proposed changes in the Strategy they have not been appended.

3.4 The Enterprise and Regulatory Reforms Act 2013, which came into force in July 2013, will require the Council to review and update the Whistleblowing Policy. A report setting out required changes to the Policy will be brought to the next Meeting of the Committee.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The proposed revisions to the Strategy will have the effect of further mitigating the Council's exposure to fraud risks.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There are no financial or other resource implications arising directly from this report

6.0 LEGAL IMPLICATIONS/POWERS

6.1 As the Counter Fraud Strategy forms part of the constitution any agreed amendments will also need to be presented to Council for approval as part of the constitutional update process.

7.0 COMMUNITY SAFETY

7.1 There are no Community Safety implications arising directly from this report.

8.0 EQUALITIES

There are no Equalities implications arising directly from this report

9.0 RISKS

9.1 Failure to maintain and enhance the Corporate Counter-Fraud Strategy would have the effect of increasing the Council's exposure to fraud risks.

10.0 CLIMATE CHANGE

10.1 There are no Climate Change implications arising directly from this report.

11.0 CONSULTATION

11.1 N/A

12.0 WARDS AFFECTED

12.1 All wards are indirectly affected by the report

Contact Officer Richard Gaughran

Date: 13/3/14

Appendices : Appendix A – Corporate Counter Fraud Strategy

Background Papers: N/A

Reference : N/A