Rotherham Metropolitan Borough Council

Public Report

Council Report
Audit Committee – 21 September 2016

Title
Anti-Fraud and Corruption Policy and Strategy

Is this a Key Decision and has it been included on the Forward Plan?
No.

Strategic Director Approving Submission of the Report
Judith Badger, Strategic Director Finance and Customer Services.

Report Author(s)
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Ward(s) Affected
All wards.

Executive Summary
This report refers to a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy. The update follows an annual review process which is designed to ensure that the Policy and Strategy are up to date with current best practice and to take into account any changes to the Council's organisation structure.

The report also provides a summary of proposals to further strengthen the Council's fraud and corruption arrangements following a refresh of the self-assessment against the CIPFA Code of Practice on *Managing the risk of fraud and corruption.*

Reports presented to Audit Committee during 2016/17 are subject to external scrutiny by Veritau Ltd to assist in ensuring reports are accurate and compliant with current legislation and best practice. The Veritau Ltd Deputy Head of Internal Audit has examined this report and stated that the Council is "*picking up the areas I would expect across the policy and strategy and using the right approach for the strategy… And some of the work being undertaken is more advanced than I've seen at some other organisations*".

Recommendations
The Audit Committee is asked to:

- **approve the revised Anti-Fraud and Corruption Policy and Strategy, and**
- **note the proposed actions intended to strengthen the Council's fraud and corruption arrangements.**

List of Appendices Included:-
Appendix A – Anti Fraud and Corruption Policy 2016-17
Appendix B – Anti Fraud and Corruption Strategy 2016-17
Appendix C – Fraud Self-Assessment Against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption
Appendix D – Action Plan for Managing the Risk of Fraud

Background Papers
CIPFA checklist included in their Code of Practice on *Managing the risk of fraud and corruption.*
Fighting Fraud & Corruption Locally – The local government counter fraud and corruption strategy 2016-2019.

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Title: Anti-Fraud & Corruption Policy and Strategy

1. Recommendations

The Audit Committee is asked to:

- approve the revised Anti-Fraud and Corruption Policy and Strategy, and
- note the proposed actions intended to strengthen the Council's fraud and corruption arrangements.

2. Background

2.1 Rotherham Metropolitan Borough Council, like every Local Authority, has a duty to ensure that it safeguards the public money that it is responsible for. It expects the highest standards of conduct and integrity from all who have dealings with it including staff; members; contractors; volunteers and the public. The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically; honestly and to the highest possible standard.

2.2 The Council's last update of its Anti-Fraud and Corruption Policy and Strategy was in September 2015. At that time it was completed primarily to ensure the Policy and Strategy were up to date with current best practice and changes to the RMBC organisation structure. At the time the Council had also completed a self-assessment against the CIPFA checklist included in its new Code of Practice on *Managing the Risk of Fraud and Corruption* and proposals were made to strengthen the Council's arrangements using the findings from the self-assessment.

2.3 This report provides an update to the Anti-Fraud and Corruption Policy and Strategy, taking into account further changes to the organisation's structure and actions taken following the self-assessment.

3. Key Issues

3.1 The Council's updated Anti-Fraud & Corruption Policy is attached at **Appendix A,** and the updated Strategy is included at **Appendix B.**

<u>Changes to the Anti-Fraud & Corruption Policy and Strategy</u>

3.2 The main changes to the previous versions are:

- An update on roles and responsibilities (Paragraphs 4.7 to 4.10 of the Policy)
- An update on the procedure for reporting suspected fraud and corruption, in Section 5 of the Policy, including reference to the provisions of the Public Concern at Work resources at paragraph 5.4
- Inclusion of a procedure on the investigation of suspected fraud and corruption at Section 6 of the Policy
- An updated assessment of the Council's arrangements compared with the CIPFA Code on Managing the Risk of Fraud (Section 4, Strategy)
- To reflect the assessment needed to ensure the Council meets the expectations of the *Fighting Fraud Locally* best practice guidance (Section 8 of the Strategy)
- Inclusion of requirements relating to the Government's Transparency Code at paragraph 8.4 of the Strategy.

Self-Assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

3.3 Attached at **Appendix C** is an update to the self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This reconciles with the actions identified in the Strategy and leads to the action plan for maintaining / developing the Council's arrangements.

Action Plan for Managing the Risk of Fraud

3.4 Attached at **Appendix D** is an update to the Council's Action Plan for Managing the Risk of Fraud. It is important that the Council continues to keep its arrangements under review and updates them where necessary, to ensure the risk of fraud continues to be minimised.

3.5 The key actions to be carried out over the next few months are to:

- Update the corporate fraud risk register and roll this out to managers
- Develop new e-learning courses relating to anti-fraud and corruption arrangements
- Include corruption into the risk register
- Include an indication of values of risk and the potential impact of risks on the achievement of aims and objectives
- Complete member training on fraud awareness
- Publicise all anti-fraud and corruption policies; strategies; protocols and cases of proven fraud and corruption to highlight the Council's commitment of a zero policy towards any form of fraud or corruption
- Include the annual details of the counter fraud work in the Council's Annual Fraud Report
- Carry out an assessment against the recently produced 2016-19 Fighting Fraud and Corruption Locally Strategy.

4. Options Considered and Recommended Proposal

4.1 This report is presented to enable the Audit Committee to fulfil its responsibility for ensuring the Council has appropriate arrangements in place for managing the risk of fraud.

5. Consultation

5.1 The proposed changes and resulting Policy and Strategy have been reviewed by The Strategic Director Finance and Customer Services and Veritau Ltd.

6. Timetable and Accountability for Implementing this Decision

6.1 Timescales for implementation of the actions are given in the Action Plan at Appendix C.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

8. Legal Implications

8.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

> *"each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."*

8.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

> *"each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".*

9. Human Resources Implications

9.1 There are no direct Human Resources implications arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no immediate implications associated with the proposals.

11 Equalities and Human Rights Implications

11.1 There are no immediate implications associated with this report.

12. Implications for Partners and Other Directorates

12.1 Implementation of the Anti-Fraud and Corruption Strategy will contribute towards ensuring the Council operates and maintains a culture in which fraud and corruption are understood to be unacceptable.

13. Risks and Mitigation

13.1 Failure to refresh the anti-fraud and corruption initiatives could expose the Council to increased risk of fraud and corruption as new and emerging risks appear.

14. Accountable Officer(s)

Colin Earl, Assistant Director of Audit, Procurement and ICT