Anti-Fraud
& Corruption
Strategy

Contents

1. Introduction.

Context

1.1 Fraud affects the UK across all sectors and causes significant harm. ~~The last, most reliable and comprehensive set of figures relating to fraud was published by the University of Portsmouth Centre for Counter Fraud Studies in 2016, and indicates that fraud may be costing the UK £193bn a year.~~ The latest comprehensive set of figures relating to fraud published by the University of Portsmouth was in a report entitled "The Financial Cost of Fraud 2019 – The latest data from around the world". This indicates that fraud may be costing the UK as much as £190bn a year.

1.2 The Council has 6968 appointments of which 6271 are currently in post. ~~It also employs around 7,200 staff and spends around £670~~ £793m ~~million per year made up of a revenue budget of £511m; HRA revenue expenditure of £88m and £194m of capital expenditure..~~ The Council has a net revenue budget for 2021/22 of £236m, this includes almost £600m of gross expenditure. This includes HRA revenue expenditure of £85m, over £75m of Housing Benefits payments and over £30m of specific schools budgets. The Council also has a multi-year capital programme that includes over £400m of investment over the next 4 years, including an £193m programme for the current year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.

1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.

1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

1.5 The Council developed a ~~new Council Plan for 2019-20~~ a Year Ahead Plan for 2020/21 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities. A new Council Plan is currently being developed.

1.6 The Council has sought expert guidance to strengthen its Scrutiny System and are also working more proactively with partners across Rotherham on new arrangements for joint working in the best interests of local communities.

1.7 An effective anti-fraud and corruption policy and strategy is a critical component of the Council's improved scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.

2.   Purpose and Objectives of this Document.

2.1   The purpose of this document is to outline the strategy for taking forward counter fraud and corruption work within RMBC. Whilst the term 'anti-fraud' is used in the document, the strategy also covers anti-theft and anti-corruption measures, including bribery.

2.2   The key objectives of this anti-fraud strategy are to maintain minimal losses through fraud and corruption and embed the management of fraud risk within the culture of the organisation. These objectives will be achieved by ongoing revision and implementation of a plan of action, based on a fraud self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. ("Chartered Institute of Public Finance and Accountancy, Code of Fraud Risk Management, CIPFA, 2014").

3.   What is Fraud and Corruption?

Fraud

3.1   The Fraud Act 2006 came into force on 15th January 2007 as a response to the recommendations of the Law Commission Report 'Fraud' published in 2002. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of: -

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

3.2   CIPFA defines fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain".

Theft

3.3   Theft is defined in the 1968 Theft Act:-

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

Corruption

3.4 The Council defines the term "corruption" as:-
"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."

Bribery

3.5 A bribe is:

''A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity'' [CIPFA].

3.6 The Bribery Act 2010 replaced the common law offences of offering or accepting a bribe with two statutory offences (S1 and S2). The Act also created two further offences: namely that of bribing or attempting to bribe a foreign official (S6) and being a commercial organisation failing to prevent bribery (S7). An S7 offence can only be committed by a commercial organisation.

3.7 The 'Corruption Acts 1889 to 1916' were repealed in their entirety. Wider offences were created by the Act which mean that the more specific offences created by the old Acts serve no practical purpose. Other statutes less relevant to Local Authorities were repealed or amended by the Act and a full list is in one of the schedules of the Act.

4. Objectives of the Strategy.

4.1 The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action.

5. Defining Success.

5.1 Activity should not be confused with outcomes. The focus should always be fixed firmly on the clear outcomes described above for work to counter fraud and corruption. It is important that outcomes relate to the actual sums lost to fraud and corruption rather than to the activity around it. This is no different from a commercial organisation focusing on profit rather than turnover. While activity can give an organisation the air of being busy and, therefore, successful, what matters is the bottom line. Preventing fraud prevents losses that can be directed into core

business. A comprehensive and professional approach to countering fraud and corruption is required to effectively protect an organisation's valuable resources.

6. Keeping Ahead.

6.1 In order to try and stay one step ahead of the fraud to which the Council may be exposed, it is necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that are used to inform the ongoing continuous improvement of the Anti-Fraud Strategy are:

- National Audit Office Publications
- Audit Commission Publications / HM Treasury Publications
- National Anti-Fraud Network
- Member of the South and West Yorkshire Fraud Group.

7. Whistleblowing Arrangements

7.1 The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing, a comprehensive, management led, anti-fraud and corruption culture needs to be maintained, including clear whistleblowing arrangements. These arrangements should ensure that staff and the public have access to a fraud and corruption whistle-blowing helpline, and should be kept under review. The Council refreshed its whistleblowing arrangements in 2019.

8. Delivery Plan

8.1 The Council's own arrangements are consistently checked against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.