

Audit Committee

22 March 2018



Title	Anti- Fraud, Bribery and Corruption Strategy		
Purpose of the report	To make a decision		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee is asked to: 1. Endorse the Council’s Anti-Fraud, Bribery and Corruption Strategy 2. Recommend the proposed changes to the Anti-Fraud, Bribery and Corruption Strategy to Cabinet.		
Reason for Recommendation	The Audit Committee is required to make any recommendations for change to the Cabinet.		

1. Key issues

- 1.1 The Audit Committee is required to review the Council’s Anti-Fraud, Bribery and Corruption Strategy annually and to make any recommendations for change to the Cabinet. The Strategy forms part of the Council’s Constitution and is in line with best practice, the Strategy continues to underpin the Council’s commitment to prevent all forms of fraud, bribery and corruption, demonstrating the important role it plays in the overall corporate governance framework.
- 1.2 Some changes are proposed as follows and highlighted in yellow at Appendix 1:
 - (Section 8) Update reference to the Chief Executive to ensure it refers to the current Chief Executive, Daniel Mouawad.
 - (Section 13.1 Codes/Procedures) Insert the following references:
 - Code of Corporate Governance (revised March 2018)

- 'The Governance Framework has been developed and enhanced to reflect the increasing commercial asset acquisitions and investments'.

1.2 Key best practice principles such as CIPFA's 'Code of practice on managing the risks of fraud and corruption' and 'Fighting Fraud and Corruption Locally' are considered as part of periodical strategy review, as set out below:

1. Acknowledge the responsibility of the governing body for countering fraud and corruption

2. Develop an appropriate counter fraud and corruption strategy

3. Take action in response to fraud and corruption.

Spelthorne's position: Principles 1-3 are covered by the Council's Anti-Fraud, Bribery and Corruption Strategy.

4. Provide resources to implement the strategy

Spelthorne's position – Within the organisation's assurance framework, Group Heads and unit managers represent the first line of defence to prevent and minimise the risk of fraud/detect fraud and it is their responsibility to operate appropriate control systems. The Council has a small resource within Internal Audit to investigate suspected fraud.

Collaborative working with Reigate and Banstead's Counter Fraud team has focussed on high risk areas such as Housing and Business Rates. This work has generated positive fraud returns particularly in Housing with the introduction of enhanced verification checks for new claims. A joint report prepared by the Deputy Group Head for Customer Relations and Internal Audit Manager was issued to Overview and Scrutiny Committee in January 2018 highlighting measures being taken by Spelthorne to address business rates tax avoidance and evasion, along with further initiatives to explore. Quarterly reporting takes place of cumulative counter fraud returns achieved by Spelthorne in the areas of Housing (non-benefit), Business Rates, and Council Tax.

Effective delivery of refresher training on Corporate Fraud, anti-bribery and corruption (for all staff and Members) is being explored with possible scope for shared training through the Surrey Counter Fraud Board.

5. Identify the fraud, bribery and corruption risks

Spelthorne's position – Managers are responsible for identifying fraud, bribery and corruption risks in their services, and for operating systems of control to prevent and detect fraud. Internal Audit provides independent assurance that effective controls are in place to mitigate the risk of fraud, bribery and corruption.

In accordance with the Government's Serious and Organised Crime Strategy, liaison with the local police team has taken place to ascertain high risk areas. An awareness raising session has been organised for all Group Head and relevant Managers in March 2018, with a subsequent review planned (led by the Internal Audit Manager). Organised crime includes drug trafficking, human trafficking, child sexual exploitation, **high value fraud** and cyber-crime. Group Heads and Managers will be providing input in assessing governance arrangements in place to combat risks in this area.

2. Options analysis and proposal

Either:

i. To note and accept the amendments proposed to the Anti-Fraud, Bribery and Corruption Strategy. (**Preferred option**)

Or:

ii. To make no changes to the strategy, thereby not reflecting current practices or requirements.

3. Financial implications

3.1 Resources required (staff time) to implement actions to prevent and detect Fraud, bribery and corruption risks should be contained within existing budgets. There is approved funding for additional corporate counter fraud resource until December 2018, which will be reviewed in due course. Costs associated with Corporate Fraud awareness training are to be explored in due course.

4. Other considerations

4.1 Associated risks and consequences of fraud, bribery and corruption include financial losses (potentially high value), reputational damage to the authority and significant harm to staff or the local community.

5. Timetable for implementation

5.1 There are none.

Background papers: None

Appendices:

Appendix 1 – Anti-Fraud, Bribery and Corruption Strategy