Audit Committee

23 March 2017

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. Approve the changes recommended to the Council's Anti-Fraud, Bribery and Corruption Strategy.**		
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. Some changes are proposed as follows:

- Remove any references to 'Service Heads' and replace with 'Group Heads' to reflect the organisational restructure of 2016.

- Include in the strategy the implications of the Government's Serious and Organised Crime Strategy (under Section 13 – Prevention)

1.2 The five key principles of the code are 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 –Group Heads and unit managers are 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 fraud.

A growth bid for Corporate Fraud resource has been approved for 2017/18 to tackle non-benefit fraud and this resource is being assigned to priority areas such as Housing. Refresher Counter Fraud training (to incorporate awareness of bribery and corruption) for staff and Members is due and has been raised with Human Resources as a corporate training need.

5. Identify the fraud 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, an audit review will be conducted during 2017/18 (led by the Internal Audit Manager) to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime. 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 risks should be contained within existing budgets. Funding for corporate fraud resource from April 2017 to March 2018 has been approved by Management Team and Cabinet. 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 harm to the local community.

5.   Timetable for implementation

5.1   There are none.

Background papers:

Appendices:
Appendix 1 – Anti-Fraud, Bribery and Corruption Strategy