Audit Committee

24 March 2016

SPELTHORNE
BOROUGH COUNCIL

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	Value for money Council		
Cabinet Values	Accountability		
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**		

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 minor changes are proposed as follows:

- Section 2 – Remove reference to the 'Audit Commission', replacing with 'The European Institute for combatting Corruption and Fraud - TEICCAF'

- Section 10 – Remove reference to the Head of Audit services (following retirement in 2015) and add 'Internal Audit Manager' (Punita Talwar)

- Section 17 – Remove reference to 'Benefit fraud' replacing with 'Corporate Fraud', reflecting the reduced significance of Benefit fraud and increased importance of corporate fraud

- Section 18 – Add 'Effective methods for training and raising awareness shall be periodically explored'

1.2 During 2015 the Chartered Institute of Public Finance and Accountancy (Cipfa) issued a Code of practice on '*Managing the risk of fraud and corruption',* which highlighted that leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations.

1.3 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 – Service managers are the first line of defence to minimise the risk/detect fraud and it is their responsibility to operate appropriate control systems. The Council has a small resource within Internal Audit to investigate fraud and funding (£60k) was obtained in 2015 from the Department of Communities and Local Government through a joint bid with six boroughs and the County Council to tackle non-benefit fraud during 2015/16. The Council's position with regard to the funding of fraud detection/investigation from July 2016 will need to be considered further and the Internal Audit Manager shall be preparing a business case for a Corporate Fraud function/resource at Spelthorne. Refresher Fraud training (to incorporate awareness of bribery and corruption) for staff and Members is also to be arranged in due course.

5.   Identify the fraud and corruption risks

Spelthorne's position – Managers are responsible for identifying fraud 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.

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.

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 detection/investigation from July 2016 will need to be considered further by Management Team. There will also be costs associated with Fraud training.

4.   Other considerations

4.1   Associated risks and consequences of fraud, bribery and corruption include financial losses and reputational damage to the authority.

5.   Timetable for implementation

5.1   There are none.

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