

East Herts Council Report

Audit and Governance Committee

Date of meeting: 9 November 2021

Report by: Head of Strategic Finance and Property

Report title: Review of Anti-Fraud and Corruption Policies

Ward(s) affected: All

Summary – A new suite of anti-fraud and corruption policies has been prepared

RECOMMENDATIONS FOR Audit and Governance Committee:

- a) The suite of anti-fraud and corruption policies be reviewed and officers advised of any areas for improvement before adoption of the policies.**

1.0 Proposal(s)

1.1 This report details the controls introduced during quarter two.

2.0 Background

2.1 The council is committed to the prevention and detection of fraud. Staff and elected Members have key roles to play in maintaining an anti-fraud culture and the suite of policies presented provide a consistent framework to enable effective deterrence, prevention, detection and investigation of fraud and corruption.

3.0 Reason(s)

3.1 The council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.

3.2 Existing policies are in need of updating so the Shared Anti-Fraud Service (SAFS) kindly provided a suite of policies that the council has tailored and linked to Human Resources and other policies. (Some hyperlinks are restricted and cannot be accessed but all potential readers. E.g. links to the staff intranet.)

3.3 Four documents are presented to this Committee:

3.3.1 Anti-Fraud and Corruption Strategy

3.3.2 Anti-Money Laundering Policy

3.3.3 Fraud Sanctions Policy

3.3.4 Confidential Reporting Procedure (Whistleblowing) Policy

3.4 They detail the responsibilities of employees and Members and assist statutory officers in their duties.

4.0 Options

4.1 The Anti-Fraud and Corruption Strategy provides the overarching framework, a fraud response plan and details responsibilities of staff and Elected Members and Partners.

4.2 The Anti-Money Laundering Policy aims to prevent criminal activity through money-laundering and ensure that the council complies with legislation. The regulations are explained and a reporting procedure is detailed. The Head of the Shared Anti-Fraud Service has been appointed as the Money laundering Reporting Officer, with his deputy, the Counter Fraud Manager, as deputy.

4.4 The Confidential Reporting Procedure (Whistleblowing) Policy provides a route for genuine concerns about fraud or malpractice to be escalated in confidence.

4.5 Several routes to escalate concerns are provided, both internal and external depending on the circumstances and the confidence that a whistle blower has in the options available. (It is possible to report concerns anonymously although this route is less than ideal.)

4.6 The Fraud Sanctions Policy is new for 2021. The policy details the options available to the council when a loss is evidenced. These range from doing nothing through to recoveries and prosecution.

4.7 It is proposed that all four policies are reviewed every three years, or sooner if there is a change in legislation or material change in circumstances. The policies will be submitted to the Committee for review and approval.

5.0 Risks

5.1 Risks are detailed within other sections of the report, but to summarise, a robust suite of policies combined with staff awareness can assist identification of fraud, prosecution and recovery of funds. Ultimately a robust approach may deter fraudsters from targeting the authority in the first instance.

5.2 Not having lawful policies might even lead to a prosecution failing on a technicality.

6.0 Implications/Consultations

6.1 Leadership Team reviewed on 26 October 2021. The Executive Member for Corporate Services and the Deputy Leader and Executive Member for Financial Sustainability have also been consulted.

Community Safety

The Housing service can be targeted by fraudsters so those on the housing register may be disadvantaged.

Data Protection

The Audit Commission requires local authorities to participate in data matching exercises to assist in the detection and prevention of fraud. The use of data by the Audit Commission is carried out with statutory authority under its powers in Part 2A of the Audit Commission Act 1998. It does not require the consent of the individuals concerned.

Fraud investigations by their very nature must remain confidential, as will the identity of any whistle-blower, where possible and provided allegations are not malicious. (The Confidential Reporting procedure (Whistleblowing) Policy provides a route to reporting fraud anonymously although such reports are less than ideal in most circumstances.)

All personal data collected must be kept in compliance with the Data Protection Act 2018 and the General Data-Protection Regulation (UK).

Equalities

None. The policies are non-discriminatory.

Environmental Sustainability

None.

Financial

Fraud has a major impact on local authority finances. The SAFS Anti-Fraud Plan report to Audit and Governance Committee in September 2021 stated that 25 cases were under investigation with an estimated fraud loss and savings combined total in excess of £213,000. Five cases closed at the time of the report had achieved just over £20,000 in recovery.

National Crime Agency data from 2017 suggests that fraud losses across UK business, the public sector and private individuals totalled

around £190 billion although the scale is likely underreported. The public sector may be losing more than £40 billion per annum.

Although the relevant Regulations relating to money laundering do not, in many cases directly apply to local authorities, guidance from CIPFA states that local authorities should comply with the requirements of these Regulations.

Health and Safety

No

Human Resources

Training will be provided to all staff through the e-learning system as a minimum. Officers considered likely to be exposed to suspicious situations, will be made aware of these by senior management and provided with appropriate training. Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the council and themselves.

Following the pandemic and recent changes in staff, SAFS has commenced awareness briefings and training with key services ahead of the launch of these policies.

Human Rights

No

Legal

See Data Protection section.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1. SAFS report to Audit and Governance Committee 14
September 2021 – Progress with delivery of 2021/22 Anti-Fraud
Plan

[http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=576
&MId=3946&Ver=4&J=3](http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=576&MId=3946&Ver=4&J=3)

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