

Meeting:	Cabinet	Date:	16 September 2020
Subject:	Counter Fraud and Corruption Policy Statement and Strategy 2020–2023.		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	Appendix A - Counter Fraud and Corruption Policy Statement and Strategy 2020 – 2023.		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of this report is for Cabinet to consider and comment on the updated Council's Counter Fraud and Corruption Policy Statement and Strategy 2020-2023.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 be approved; and
- (2) the strategy be disseminated to managers in accordance with a communications plan, to reaffirm the Council's counter fraud culture and objectives.

3.0 Background and Key Issues

- 3.1 The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that the fraud threat to local authorities may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total

threat faced by the public sector was £40.4bn.

- 3.2 The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.
- 3.3 These factors suggest that this is the time to review the approach to tackle fraud against the Council and reaffirm the arrangements to ensure that Gloucester City Council has a resilient response to the changed conditions.
- 3.4 This statement sets out the Council's policy and strategy in relation to fraud and corruption. It has the full support of the Council, the Council's Audit and Governance Committee and Senior Management Team.

4.0 Context

- 4.1 The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.
- 4.2 The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.
- 4.3 This policy statement is underpinned by a Counter-Fraud and Corruption Strategy, which sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.
- 4.4 The strategy is based upon five key themes: Govern, Acknowledge, Prevent, Pursue and Protect and adheres to Fighting Fraud and Corruption Locally, A strategy for the 2020s (FFCL), which is supported by the Local Government Association and the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre.
- 4.5 To fulfil the Council's Strategy, we need to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and misappropriation to zero.
- 4.6 Where known, the Council's Chief Internal Auditor will ensure that the Audit and Governance Committee, the Managing Director, Chief Financial Officer and the Monitoring Officer are made aware of all irregularities and potential fraud cases. External Audit also annually assesses the effectiveness of the Council's counter fraud and corruption arrangements.

5.0 Social Value Considerations

- 5.1 There are no Social Value implications as a result of the recommendation made in this report.

6.0 Environmental Implications

6.1 There are no Environmental implications as a result of the recommendation made in this report.

7.0 Alternative Options Considered

7.1 There are no alternative options as the adoption of the updated Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 will reaffirm an effective Counter fraud and corruption culture within the Council.

8.0 Reasons for Recommendations

Fraud Risk Governance

8.1 In addition to the statutory requirements and guidance as noted above, the Council has responded by incorporating these requirements into the Council's Constitution, specifically within Financial Regulations – Preventing Fraud and Corruption, with the Head of Policy and Resources (Chief Financial Officer) being responsible for the development and maintenance of an Counter Fraud and Corruption Policy.

8.2 The Audit and Governance Committee's specific role regarding fraud is to monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.

9.0 Future Work and Conclusions

9.1 Appendix A to this report sets out the Counter Fraud Strategy and Policies, which set out the Council's required counter fraud culture and associated responses. The aims of these policies are to protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Gloucester's residents and visitors.

9.2 The implementation of the fraud polices will be monitored by the Senior Management Team and the relevant assurances provided to the Audit and Governance Committee.

10.0 Financial Implications

10.1 No financial implications as a result of this report
(Financial Services have been consulted in the preparation of this report.)

11.0 Legal Implications

11.1 Nothing specific arising from the report recommendation.

(One Legal have been consulted in the preparation of this report.)

12.0 Risk & Opportunity Management Implications

- 12.1 Non compliance with legislation/Codes of Practice.
- 12.2 Failure to fight fraud and implement an effective Counter Fraud and Corruption culture means that for every pound lost through fraud cannot be spent on providing public services.

13.0 People Impact Assessment (PIA) and Safeguarding:

- 13.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to 'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'

The implementation of the fraud strategy will ensure compliance with the Council's equality policies.

- 13.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

14.0 Community Safety Implications

- 14.1 There are no 'Community Safety' implications arising out of the recommendation made in this report.

15.0 Staffing & Trade Union Implications

- 15.1 There are no 'Staffing and Trade Union' implications arising out of the recommendations made in this report.

Background Documents:

Accounts and Audit Regulations 2015;

Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE);

Gloucester City Council's Constitution and Financial Regulations.