

# AUDIT COMMITTEE

## Fighting Fraud and Corruption Locally – Strategy for 2016-2019 29 June 2016

### Report of the Internal Audit & Assurance Manager

#### PURPOSE OF REPORT

To inform the Committee of a recently released counter fraud and corruption strategy for English local authorities.

**This report is public**

#### RECOMMENDATIONS

1. That the report be noted
2. That the Committee endorses the adoption of the strategy as a guide to the Council's continued development of its counter fraud and corruption arrangements

#### 1.0 Introduction

- 1.1 Fighting Fraud and Corruption Locally (FFCL) is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape. It builds on the previously issued 'Fighting Fraud Locally' strategy 2011. The new strategy's production and subsequent implementation is overseen by an independent board, which includes representation from key stakeholders. The board commissioned the drafting and publication of the strategy from the CIPFA Counter Fraud Centre.
- 1.2 The executive summary from the strategy is attached as Appendix A.
- 1.3 The full strategy, a companion document and checklist are available on the CIPFA website at <http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>

#### 2.0 Report

- 2.1 As the executive summary comments, the strategy is aimed at providing a blueprint for a tougher response to fraud and corruption perpetrated against local authorities. By pursuing the strategy, local authorities will:
  - develop and maintain a culture in which fraud and corruption are understood to be unacceptable;
  - understand their fraud risk and prevent fraud more effectively;
  - use technology to improve their response and share information and resources more effectively to prevent and detect fraud loss;
  - bring fraudsters to account more quickly and efficiently, and improve the recovery of losses.

- 2.2 The summary suggests that local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the following six themes that emerged from the research:
- Culture
  - Capability
  - Capacity
  - Competence
  - Communication
  - Collaboration
- 2.3 The strategy is not subject to a regulatory framework, its adoption and any associated developments being for individual authorities to consider and self-regulate.
- 2.4 The companion document includes a 34 point checklist for local authorities to use in measuring their positioning and progress against the strategy. The council already has well developed arrangements in place in the response it has taken to the previous strategy and in particular in establishing the shared corporate fraud team.
- 2.5 Appendix B to this report sets out the strategy's recommendations to local authorities, the final one of these being that the checklist is completed and reported to the Audit Committee and external auditor. It is proposed to undertake this exercise over the summer and report the results to the Audit Committee at its meeting on 7<sup>th</sup> September 2016.

### **3.0 Details of Consultation**

- 3.1 No specific consultation has been undertaken in compiling this report.

### **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 It is proposed that the Committee endorses the adoption of the FFCL strategy as a guide to the Council's continued development of its counter fraud and corruption arrangements.
- 4.2 Endorsing the adoption of the strategy provides a positive message in terms of the Council's culture and approach to combatting fraud and corruption. The strategy is welcomed as a guide for future developments and no significant risks have been identified with taking this approach.
- 4.3 The alternative option is that the strategy is acknowledged without any specific comment or commitment being made.

### **5.0 Conclusion**

- 5.1 The Fighting Fraud and Corruption Locally Strategy builds on previous strategies to provide a blueprint for local authorities in combatting fraud and corruption for the period 2016 to 2019. As such, adoption of the strategy is welcomed as a guide to the Council's ongoing development of its counter fraud and corruption arrangements.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Whilst the report has no direct impact on these areas, the continued development of effective counter fraud arrangements plays an important role in supporting the Council's corporate plans and priorities by seeking to ensure that resources and interests are safeguarded.

**FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments.

**LEGAL IMPLICATIONS**

None arising directly from this report

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

Fighting Fraud Locally – The Local Government Counter Fraud and Corruption Strategy 2016-2019

**Contact Officer:** Derek Whiteway

**Telephone:** 01524 582028

**E-mail:** d.whiteway@lancaster.gov.uk

**Ref:** aud/ctee/audit/2016-06-29/fraudstrat