AUDIT COMMITTEE

Review of the Council's Counter Fraud Policies

Report of Chief Finance Officer

18 March 2026

PURPOSE OF REPORT
Review of the Council's Counter Fraud Policies
This report is public

RECOMMENDATIONS

(1) That the Audit Committee review the counter fraud policies within their remit, namely.

a. Anti-Fraud, Corruption and Bribery Policy,
b. Anti Money Laundering Policy, and
c. Sanctions Policy

(2) The Audit Committee note Council's wider policies and arrangements in regard to anti fraud and corruption

1.0 Background

1.1 The Audit Committee's Terms of Reference state they have responsibility to "monitor counter fraud, actions and resources and review the assessment of fraud risks and potential harm to the Council from fraud and corruption". In order to enable the Committee to discharge this responsibility this paper brings together the applicable policies and procedures from across the Council. It asks the Audit Committee to approve those policies in accordance with its terms of reference and consider those that sit outside of its remit.

1.2 Council has a wide range of established counter fraud policies which sits alongside and are supported by a number Council documents, including

- Raising Concerns Policy
- Officers and Members Codes of Conduct.
- Contract Procedure Rules
- Financial Procedure Rules

2.0 Policies Requiring Formal Approval by Audit Committee

Anti-Fraud, Corruption and Bribery Policy (Appendix A)

2.1 This policy is concerned with acts of theft, fraud, bribery or corruption committed against the Council employees, elected Members or contractors in the course of their duties In addition, the policy also addresses actions of external individuals or organisations. It contains a number of key elements including

- Definitions
- Scope
- Objectives
- Responsibilities
- Deterrence & Prevention
- Raising Concerns and,
- Investigations

2.2 The Policy was last approved the Audit Committee in 2025 where it agreed to move the policy to a 2-year review cycle. However, enquiries have been made of Legal Services who are unaware of any changes that would require the policy to be amended outside of its current 2 year review period

2.3 **As the policy is not due for formal review and approval Audit Committee is asked to note the Anti-Fraud, Corruption and Bribery Policy to assist it in discharging its duties.**

Anti Money Laundering Policy (Appendix B)

2.4 The Anti-Money Laundering Policy attached at Appendix B has been developed from best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Policy describes: -

- what money laundering is.
- the obligations of the Council.
- disclosure procedures.
- the role of the MLRO in disclosures.
- reporting standards and related procedures; and
- policy review arrangements

2.4 Committee last reviewed and approved the policy at its meeting in March 2025, where it agreed to move the policy to a 2-year review cycle. However, enquiries have been made of Legal Services who are unaware of any changes that would require the policy to be amended outside of its current 2 year review period

2.7 **As the policy is not due for formal review and approval Audit Committee is asked to note the Anti Money Laundering Policy to assist it in discharging its duties.**

Sanctions Policy (Appendix C)

2.8 The Sanctions Policy is intended to cover any form of fraud that the Council may consider necessary to investigate. The Council will consider taking enforcement action against any individual or organisation which commits a criminal offence against the Council, (including criminal conduct related to the systems administered by the Authority or any of its partners) or the wider local community. It sets out a range of sanctions available to the Council ranging from a simple caution to prosecution

2.9 Areas in which the Council faces the risk of fraud include, but not limited to:

- Business Rates
- Council Tax
- Council Tax Reduction Scheme
- Employee Fraud
- Grants
- Insurance
- Mandate Fraud
- Procurement
- Social Housing Fraud

2.10 The Sanctions Policy is subject to a bi annual review. However, enquiries have been made of Legal Services and Head of Revenues & Benefits the who are unaware of any changes that would require the policy to be amended outside of its current 2 year review period

2.11 **As the policy is not due for formal review and approval Audit Committee is asked to note the Sanctions Policy to assist it in discharging its duties.**

3.0 Policies for Consideration by the Audit Committee

Raising Concerns Policy (Appendix D)

3.1 The responsibility for formal adoption of the Council's Raising Concerns Policy (formally Whistleblowing Policy) is with the People and Organisational Development Committee (P&OD). The policy was last formally approved in February 2025 with minor amendments be made by the Monitoring Officer to ensure it remains up to date.

3.2 The policy attached at Appendix D communicates a staff member's right to make certain disclosures about wrongdoings within the Council without fear of reprisals. The policy explains which disclosures are protected and how Council staff members can make a protected disclosure.

3.3 This policy aims to:

- Encourage individuals to feel confident in raising serious concerns and to question and act upon concerns about misconduct or malpractice.

- Provide avenues to raise those concerns internally and receive feedback on any action taken, and to provide information about how, in exceptional circumstances, matters can be raised externally.

- Reassure staff that genuine concerns will be taken seriously and in the interests of all concerned will be dealt with properly, quickly and discreetly.

- Ensure that a response to concerns is provided and how to pursue them if you are not satisfied.

- Provides assure that as much as possible will be done to protect confidentiality, and that individuals protected from possible reprisals or victimisation if they have a reasonable belief that the have made any disclosure in good faith.

3.4 **The Audit Committee is asked to note the Councils Raising Concerns Policy**

Gifts & Hospitality

3.5 Officers or Elected Members should not normally accept gifts or hospitality. While gifts or hospitality can be offered for benign reasons it is important for each individuals reputation, the reputation of the Council and for the reassurance of the public that decision-making is not being improperly influenced, that gifts or hospitality are not routinely accept. The arrangements around accepting or providing gifts and hospitality for both Officers and elected Members is contained within the Councils Constitution. Constitution February 2025.pdf

- Part 4 Section 1 Sub Section 8 Officers' Code of Conduct
- Part 4 Section 2 Sub Section 13 Councillors' Code of Conduct

3.6 There is the recognition however that the value and nature may be trivial, or refusal may cause offence. Both Codes of Conduct sets the standard for accepting or receiving any form of gift or hospitality in order to avoid any possible suggestion of improper influence. It provides examples of the types of gifts and hospitality that may be considered acceptable and also those which are not and the required for reporting either offers or acceptance of gifts and hospitality and the financial context in which this occurs.

Conflicts of Interest

3.7 The Council's policy on Conflicts of Interest aims to ensure that its Officers and Members are treated equitably, they are protected against any unfounded allegations of impropriety and are able to act without discrimination of any kind in the conduct of their duties. It is important, that there is an openness in the declaration of all interests that could have an influence on conduct and/or decision making and that public confidence in the Council is maintained

3.8 Similar to Gifts & Hospitality the arrangements for declaration of personal interests for both Officers and Members is contained within the Councils Constitution. Constitution February 2025.pdf

- Part 4 Section 1 Sub Section 6 Officers' Code of Conduct
- Part 4 Section 2 Sub Sections 8 & 9 Councillors' Code of Conduct

3.9 All holders of Politically Restricted Posts are required to make an annual written declaration for inclusion in a central register of any personal interests, whether financial or otherwise, which could conceivably conflict with the Council's interests, including nil returns. On election to the Council Members are also required to notify the Monitoring Officer of any interests to outside bodies including business, charities or other not for profit organisations to which they have management or control. These details are also held on a central register with the onus on Members to inform the Council of any revisions

3.10 Amendments to the Constitution is a function of Full Council and so is outside of the Audit Committee's terms of reference. **The Committee is therefore asked to note the constitutional requirement around Gifts & Hospitality and Conflict of Interest**

4.0 Additional Policies, Procedures & Rules

4.1 In addition to the policies and procedures discussed above the Councils has a number of other polices, procedures and rules exist to protect its employees, Members and the Council as a whole.

Contract Procedure Rules

4.2 The Councils Contract Procedure Rules have recently been updated to reflect a significant update in line with the requirements of the Procurement Act 2023 (the Act) which received Royal Assent on 26 October 2023 and is scheduled to come into force on 24 February 2025.

4.3 The rules contain specific guidance on conflicts of interest assessment and due diligence to be carried out on suppliers as well as the need for personal disclosures from Officers. In addition, there are safeguards embedded around areas such as tendering and award of contracts.

Financial Procedure Rules

4.4 The Financial procedure rules form part of the Council's wider Budget & Policy Framework are designed to establish the fundamental controls and framework for financial management. They are accompanied by more detailed guidance in specific areas such as VAT.

4.5 The above documents are subject to approval by the Audit Committee, with the Committees last approvals, being

Financial Procedure Rules: 27th November 2024
Agenda for Audit Committee on Wednesday, 27th November 2024, 6.00 p.m. - Lancaster City Council

Contract Procedure Rules: 19th November 2025
Agenda for Audit Committee on Wednesday, 19th November 2025, 6.00 p.m. - Lancaster City Council

4.6 The Committee is only asked to note the of these procedure rules within the Council's wider anti-fraud and corruption framework.

5.0 Details of Consultation

5.1 For those policies requiring formal approval by the Audit Committee consultations have taken place with the Council's Corporate Fraud Manager, Legal Services, Head of Revenues & Benefits and the s151 Officer

6.0 Options and Options Analysis

6.1 The options available are to either agree the attached polices or recommend alternative wording if necessary.

7.0 Conclusion

7.1 It is timely and appropriate to refresh the Council's counter fraud polices which assists the Council in demonstrating that arrangements are in place that are designed to promote and ensure probity and propriety in the conduct of its business.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) Not applicable.	
FINANCIAL IMPLICATIONS None directly arising from this report.	
SECTION 151 OFFICER'S COMMENTS The Section 151 Officer has been consulted and has no further comments.	
LEGAL IMPLICATIONS None directly arising from this report.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS	**Contact Officer:** Paul Thompson **Telephone:** 01254 582603 **E-mail:** pthompson@lancaster.gov.uk