

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

6 OCTOBER 2020

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Report Title	COUNTER FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY 2020-2023			
Purpose of Report	To consider and comment on the updated Council's Counter Fraud and Corruption Policy Statement and Strategy 2020-2023 and recommend to Council for adoption.			
Decision(s)	The Committee RESOLVES to recommend to Council that it approves the Counter Fraud and Corruption Policy Statement and Strategy (including Anti Bribery Policy and Anti Money Laundering Policy) 2020-2023.			
Consultation and Feedback	Strategic Leadership Team, relevant professional disciplines within Stroud District Council (SDC) and Audit, Risk Assurance.			
Report Author	Theresa Mortimer, Head of Audit Risk Assurance (Chief Internal Auditor) Tel: 01453 754111 Email: theresa.mortimer@stroud.gov.uk			
Options	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.			
Background Papers	N/A			
Appendices	Appendix A - Counter Fraud and Corruption Policy Statement and Strategy 2020-2023.			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION / BACKGROUND

- 1.1 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.
- 1.2 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.
- 1.3 However, since the writing of the new Counter Fraud and Corruption Policy Statement and Strategy 2020-2023, the Covid-19 pandemic has impacted on the fraud arena and local authorities have seen a rise in fraud activity in areas

such as bank mandate fraud, inflated claims, duplicate payments and new areas such the Government initiative for Business Support Grant Funding, provided through District Councils to local businesses.

- 1.4 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 SDC has a resilient response to the changed conditions.
- 1.5 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 Standards Committee and Strategic Leadership Team.

2.0 MAIN POINTS

- 2.1 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.
- 2.2 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.
- 2.3 In addition, the above is reflected in the Council's Financial Regulations (under Financial Regulation C.5 - Preventing Fraud and Corruption) with the Audit and Standards Committee's specific role regarding fraud is to monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
- 2.4 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. 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.
- 2.5 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.
- 2.6 Where known, the Council's Chief Internal Auditor will ensure that the Audit and Standards Committee, the Chief Executive, 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.

3.0 CONCLUSION

- 3.1 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 Stroud's residents and visitors.
- 3.2 The implementation of the fraud policies will be monitored by the Senior Leadership Team and the relevant assurances provided to the Audit and Standards Committee.
- 3.3 Once approved, the strategy will be promoted via a communications plan, alongside the latest whistleblowing policy, to raise awareness and help us to further reduce the risk of fraud within SDC.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

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Risk Assessment:

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, therefore this strategy supports the Council's response to mitigate the risk of fraud and corruption.

4.2 Legal Implications

There are no specific legal implications arising from the recommendations in this report, but the legal framework is clearly set out in the policy offered for acceptance by the Committee. Whilst it is within the delegations to the Audit and Standards Committee to adopt policies related to its areas of responsibility, given the importance of this issue and the need to raise its profile, it is in order to refer the policy to Council for adoption.

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4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.