

Report sponsor: Strategic Director – Corporate Resources
Report author: Head of Internal Audit

Draft Counter Fraud, Bribery and Corruption Policy and Framework Document

Purpose

- 1.1 The public is entitled to expect that the City Council conducts its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. The Council's Counter Fraud, Bribery and Corruption Policy and Framework document forms part of our governance arrangements. It outlines the City Council's commitment to creating a Counter fraud culture and maintaining high ethical standards in its administration of public funds.
- 1.2 The Council must demonstrate that it is committed to making sure that the opportunity for fraud and corruption is reduced and where there is the possibility of fraud, bribery, corruption and other financial irregularities, it will be dealt with in a firm and controlled manner.
- 1.3 The Audit and Governance Committee should have oversight of the Council's counter fraud framework and should assess whether it meets recommended practice and governance standards and complies with legislation such as the Bribery Act 2010. This report asks the Committee to review the Council's overall framework for countering fraud bribery and corruption as presented in this Policy and Framework document.

Recommendations

- 2.1 To review the Counter Fraud, Bribery and Corruption Policy and Framework document.
- 2.2 To approve the Counter Fraud, Bribery and Corruption Policy and Framework document If the Committee is satisfied that the document supports the Council's governance arrangements around the risk of fraud.

Reasons

- 3.1 The Audit and Governance Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements around fraud, the management of fraud risk and the robustness of the internal control environment to mitigate that risk.

Supporting information

- 4.1 Fraud is an act of deception carried out for personal gain or to cause a loss to another party. In the public sector, fraud can be committed internally by public sector workers or externally by suppliers, contractors and members of the public. Fraud covers a wide spectrum of activities and can affect all departments.
- 4.2 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under 3 main headings; by false representation; failing to disclose information; or abuse of position. There are further subheadings of fraud described including; possession of articles for use in fraud; making or supplying articles for use in frauds; participating in fraudulent business; or obtaining services dishonestly.
- 4.3 Bribery is the offer, promise or giving of financial or other advantage to another with the intent of inducing that person to perform improperly, or rewarding that person for the improper performance of a relevant function or activity. The Bribery Act 2010 made it an offence to offer a bribe, or to invite the payment of a bribe.
- 4.4 Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activity, allowing them to maintain control over the proceeds and, ultimately, providing a legitimate cover for their sources of income.
- 4.5 Corruption is the abuse of entrusted power for private gain. It is characterised by dishonest or fraudulent conduct by those in power, typically involving bribery.
- 4.6 It is the Council's responsibility to ensure that its affairs are managed in accordance with proper standards of financial conduct.
- 4.7 The former suite of policies and guidance on Anti-Fraud and Corruption, Anti-Bribery and Anti-Money Laundering were last reviewed and approved by Committee in November 2017. Rather than have individual policies and guidance covering each key area of fraud/financial dishonesty, a single Counter Fraud, Bribery and Corruption policy and framework document has been drafted. This will be supported by a Fraud Response Plan, which will replace the individual Officer Guidance Documents. The Fraud Response Plan is currently being developed and will be shared with the Committee upon completion.
- 4.8 The Counter Fraud, Bribery and Corruption Policy demonstrates that the Council is committed to dealing with the financial risks of criminal acts such as fraud, bribery, corruption and money laundering and that it will deal equally with perpetrators from inside (members and employees) and outside the authority. In addition, there needs to be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

Public/stakeholder engagement

- 5.1 None

Other options

6.1 None

Financial and value for money issues

7.1 None

Legal implications

8.1 None

Climate implications

9.1 None

Other significant implications

10.1 Equalities:

The policy and framework cover preventing and dealing with cases of fraud and corruption and there is nothing within the document which could have a differential and/or adverse impact on any individual who has one or more protected characteristic. All cases of fraud and corruption will be dealt with in accordance with the policy. Deterrence of fraud activities will be of general benefit to all individuals.

10.2 Risk:

Fraud is just one of many risks the Council faces. However, the deliberate nature of fraud can make it difficult to detect and deter. Preventive controls and the creation of the right type of corporate culture will tend to reduce the likelihood of fraud occurring while detective controls and effective contingency planning can reduce the size of any losses. Under the right conditions staff are themselves an excellent deterrent against fraud. The Council has procedures in place (Whistleblowing) for reporting suspicions of fraud. Staff are encouraged to report suspicions of fraud.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal Finance Service Director(s) Report sponsor Other(s)	Simon Riley, Strategic Director – Corporate Resources	18 January 2022

Background papers:	None
List of appendices:	Appendix 1 – Draft Counter Fraud, Bribery and Corruption Policy and Framework