

	<h2>Audit Committee</h2> <h3>19th April 2016</h3>
<p style="text-align: right;">Title</p>	<p>Counter Fraud Framework (CFF) 2016 Review</p>
<p style="text-align: right;">Report of</p>	<p>Clair Green – Assurance Assistant Director</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Counter Fraud Framework Manual Policy Documents</p> <p>Appendix A - Fraud, Bribery and Corruption Policy Statement</p> <p>Appendix B - Whistleblowing Policy Statement</p> <p>Appendix C - RIPA Policy Statement</p>
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<h2>Summary</h2>
<p>Policies within the Counter Fraud Framework (CFF) are reviewed regularly to ensure that they remain an accurate up to date reflection of appropriate legislation, good practice, council structure and working arrangements. In order for policies to be of the greatest value to members, staff, partners and residents they need to be easy to read and simple to understand.</p> <p>A detailed review of the CFF has been undertaken in order to ensure separation of policies from procedures and that policy documents only contain relevant matters (such as appointments and powers). Following this review all policy statements are now proposed to be contained within three revised policy statement documents:-</p> <ul style="list-style-type: none"> • Fraud, Bribery and Corruption Policy Statement • Whistleblowing Policy Statement • RIPA Policy Statement

As a result of the review there has been **no policy** changes in relation to any of the areas covered with the CFF.

Recommendations

- 1. The Committee is asked to approve the revised Counter Fraud Framework (CFF) 2016:-**
 - **Fraud, Bribery and Corruption Policy Statement**
 - **Whistleblowing Policy Statement**
 - **RIPA Policy Statement**
- 2. Note that the policies will be reviewed on an annual basis and delegate to the Assurance Assistant Director the authority to make necessary amendments to the policies, and report any changes to the next meeting of the Audit Committee.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Constitution requires the Audit Committee to monitor the Council's Counter Fraud Framework and Polices and recommend their application across the Council.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Policies within the CFF are reviewed regularly to ensure that they remain an accurate and up to date reflection of appropriate legislation, good practice, council structure and working arrangements. In order for policies within the CFF to be of the greatest value to members, staff, partners and residents they need to be easy to read and simple to understand.
- 2.2 Over time our fraud policies have grown to include not only policy statements but an amount of procedural guidance too. This is problematic for a number of reasons:
 - 2.2.1 Policies are the public face of any organisation. LBB prides itself on its attitude to fraud. That message needs to be clear and simple to understand. LBB needs to clearly convey the council's attitude and what the council will do (in broad terms) for the understanding of the public and employees.
 - 2.2.2 Council policies must be published. While it is appropriate that the public and employees are advised of and understand what the council will not tolerate (for example money laundering), it is not appropriate that the council publishes information regarding its approach and working practices to the identification of fraud, as this information will help the dishonest minority to circumvent our systems.
 - 2.2.3 Audit Committee members are responsible for providing strategic direction and approving the policies relating to fraud. It is appropriate for members

to tell officers what the policy is and for them to instruct officers (who do have the expert knowledge) to create and maintain procedures that put members' wishes into effect.

2.3 For that reason a detailed review of the Counter Fraud Framework policies and procedures has been undertaken. Key points to note are as below:

2.3.1 All policies have been reviewed to ensure that they contain only policy and matters (such as appointments and powers) that it is proper for the council to decide and for the public to see. Following this review all policy statements are contained within three policy documents.

2.3.2 Other content in the CFF will be covered by procedural guidance. Where possible this will consist of simple and easy to follow process maps to ensure that there is consistency of action. Most of the procedural guidance will not be published, unless there is material designed for public use such as those designed to accompany a policy. They will be maintained by the Assurance Assistant Director to ensure that they support implementation of the council's policy, and comply with the law and best practice. The procedural guidance notes are in the process of being compiled, with the focus of these documents being internal operational guidance material for CAFT officers.

2.4 As a result of the review there has been **no policy change** in relation to any of the areas covered with the CFF.

2.5 Listed below is a table listing new policy against previous policy.

2014 CFF Policy Name	2016 Review and Policy Name
CFF introduction	No longer considered required.
Fraud Policy Statement and Procedure	Fraud, Bribery and Corruption Policy Amalgamation of previous separate policies on Fraud, Bribery, prosecution and Anti Money Laundering Policy. Separation of policies from procedures
Bribery Policy Statement	Amalgamated into new Fraud, Bribery and Corruption Policy
Prosecution Policy Statement	Amalgamated into new Fraud, Bribery and Corruption Policy.
Whistleblowing Policy Statement	Whistleblowing Policy Separation of policies from procedures
RIPA Policy Statement and procedure	RIPA Policy

		Separation of policies from procedures
Anti-Money Laundering Policy Statement and procedure		Amalgamated into new Fraud, Bribery and Corruption Policy

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None. There is a requirement to maintain robust policies and procedures in this area and there would be a risk attached to taking no action.

4 POST DECISION IMPLEMENTATION

- 4.1 If approval is given at Audit Committee these documents will be adopted as new policy and published on the internet and intranet and communicated across the Council. Procedural guidance will not be published, unless designed for public use.

- 4.2 The CFF Policies will be reviewed annually by the Assurance Assistant Director, who shall have the authority to amend these policies as delegated by the Audit Committee, if this were required. Any such decision would be taken in compliance with the delegated authority of the Assurance Assistant Director and reported at the next meeting of the Audit Committee. Any adjustments to the supporting procedural documents resulting from a change in policy would also be made by the Assurance Assistant Director.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team (CAFT) supports this by continuing to provide an efficient value for money anti-fraud activity that is able to investigate all referrals that are passed to them to an appropriate outcome. They offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering, other criminal activity, and deterrent measures, policies and procedures. The aim of the team is to deliver a cohesive approach that reflects best practice and supports all council's corporate priorities and principles.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The structure and budget that CAFT operate within has proven successful and provides sufficient resource and commitment that is required to carry out an effective anti-fraud service and deliver the key objectives as set out within the strategy.

5.3 Legal and Constitutional References

- 5.3.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.

- 5.3.2 The Council's Constitution under Responsibility for Functions - The Audit Committee's terms of reference, details the functions of the Audit Committee including, "To monitor the Council's Counter Fraud framework and policies within and recommend their application across the Council".
- 5.3.3 There is non-statutory Guidance and Code of Practice which states that employers should have a whistle-blowing policy.
- 5.3.4 The policy on the Regulation of Investigatory Powers Act lays out briefly the provisions in that Act of 2000 for lawful surveillance. Failure to comply with the provisions of the Act may render surveillance unlawful and inadmissible in a subsequent prosecution and may be in breach of Article 8 of the European Convention on Human Rights which provides for the right to respect for private and family life.

5.4 Risk Management

- 5.4.1 The on-going work of the CAFT supports the council's risk management strategy and processes. Where appropriate, outcomes from our investigations are reported to both Internal Audit and Risk Management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

5.5 Equalities and Diversity

- 5.5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to have due regard to the need for eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination
- 5.5.2 Effective systems of anti-fraud provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

5.6 Consultation and Engagement

- 5.6.1 None

6. BACKGROUND PAPERS

- 6.1 Delegated Powers Report (ref: BT/2004-05 -2 March 2004) - The Corporate Anti-Fraud Team (CAFT) was launched on 7th May 2004
 - 6.2 Audit Committee 24th July 2013 – Decision item 11 - the Committee approve the proposed updates to the Counter Fraud Framework 2013.
 - 6.3 Audit Committee 6th November 2014 - Decision item 9 – the Committee approve the proposed updates to the Counter Fraud Framework
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