



## Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>5 DECEMBER 2016</b>
Title	<b>COUNTER FRAUD AND CORRUPTION STRATEGY</b>
Report of/to	<b>TECHNICAL FINANCE MANAGER (AS HEAD OF INTERNAL AUDIT)</b>

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### EXECUTIVE SUMMARY

1. This report presents a revised Counter Fraud and Corruption Strategy which has been produced in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, as recommended by the Internal Audit Review of Fraud Risk undertaken in November 2015.
2. In order to inform the revision of the Counter Fraud and Corruption Strategy, the council assessed its current position against the criteria of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and developed an action plan to improve our arrangements. This code of practice is recommended as best practice for local government and defines the governance and operational arrangements necessary for an effective counter fraud response. The Counter Fraud and Corruption Strategy is one element of this action plan.
3. The Audit Committee is asked to note the assessment against the CIPFA Code of Practice and the resulting action plan, and approve the revised Counter Fraud and Corruption Strategy.

### BACKGROUND

4. The council has traditionally focused counter fraud resource in high risk and high value areas such as housing benefit. In the past we, in common with most local authorities, employed a team of trained individuals who in addition to their work on housing benefit fraud, were also able to offer specialist advice and resource to other fraud related issues.
5. In September 2015, these teams, which operated in most councils, were transferred to the Department of Work and Pensions Single Fraud Investigation Service (SFIS) and this has left many councils with reduced

capacity and skills when dealing with fraud.

6. In the current environment when councils are under financial pressure, losses to fraud can affect our ability to deliver our priorities and will also cause reputational damage. However, there is widespread recognition that measures to prevent fraud and corruption should be in proportion to the losses that fraud could cause and the likelihood of them occurring. There is also acceptance that measures should not affect the services provided to the vast majority of law abiding service users.
7. In light of this, many councils are finding different ways to address the risk of fraud, often in partnership with other providers and via collaborative arrangements which utilise data sharing and technology.
8. The revised strategy takes into account these issues and brings together the various elements of the council's Counter Fraud and Corruption work and policies already in place into an integrated framework. It also outlines the council's zero tolerance to fraud and our fraud response plan.

### STRATEGIC CONTEXT

9. Robust counter fraud and corruption arrangements are a key element of the council's corporate governance arrangements and contribute to the council's [Corporate Plan 2015-17](#) priority to 'ensure that all the resources available to the island are used in the most effective way'.

### CONSULTATION

10. Consultation has been undertaken with the council's Corporate Management Team.

### FINANCIAL / BUDGET IMPLICATIONS

11. There are no direct financial implications of this report or the adoption of this strategy, however it does recognise that fraud can have a direct financial impact of the council both in terms of losses and investigative and recovery costs.

### LEGAL IMPLICATIONS

12. There are no direct legal implications of this report or the adoption of the strategy, however there is recognition that any fraud investigation should be undertaken by suitably trained individuals, with appropriate legal advice, in order to pursue action through the courts to prosecute and recover funds in appropriate circumstances.

### EQUALITY AND DIVERSITY

13. The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual

orientation and marriage and civil partnership. Initial screening has indicated that there are no direct equality and diversity issues of this report.

## OPTIONS

14. Option 1 - To note the assessment against the CIPFA Code of Practice and the resulting action plan, and approve the revised Counter Fraud and Corruption Strategy

Option 2 – To not approve the revised Counter Fraud and Corruption Strategy.

## RISK MANAGEMENT

15. Option 1 - The adoption of the revised Counter Fraud and Corruption Strategy will ensure that the council acknowledges the risk of fraud and accepts responsibility for managing that risk. It will bring together the various elements of the counter fraud framework and form the basis of a communication and training programme. It will also affirm the council's adoption of a zero tolerance approach to fraud and the councils fraud response plan.
16. Option 2 – The lack of an up to date Counter Fraud and Corruption Strategy will leave the council without a co-ordinated framework and could lead to increased exposure to fraud and financial loss.

## RECOMMENDATION

17. Option 1 - That the council notes the assessment against the CIPFA Code of Practice and the resulting action plan, and approves the revised Counter Fraud and Corruption Strategy.

## APPENDICES ATTACHED

18. [Appendix 1](#) – Assessment against CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
19. [Appendix 2](#) – Counter Fraud and Corruption Strategy 2016-19.

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