

## AUDIT AND RISK COMMITTEE

23 February 2021

### COUNTER FRAUD AND CORRUPTION POLICY

#### Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Oliver Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than Finance) and Property	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	Telephone: 01572 758189 email: sdrocca@rutland.gov.uk
Ward Councillors	N/A	

#### DECISION RECOMMENDATIONS

That Audit and Risk Committee:

1. Note the updated Counter Fraud and Corruption Policy (Appendix A).
2. Note that the Anti Money Laundering procedures have been updated (Appendix B).

## 1 PURPOSE OF THE REPORT

- 1.1 The report presents an updated Counter Fraud and Corruption policy for comment. It also includes an update on the Council's money laundering procedures which is one part of the Council's framework for fighting both fraud and corruption.

## 2 BACKGROUND

### 2.1 THE COUNCIL'S COUNTER FRAUD AND CORRUPTION POLICY

- 2.1.1 Councillors and Officers continue to have a crucial role in supporting the right approach to deter and detect fraud. For example:

- Ensuring the Council understands local fraud risks;
- Comparing the Council's performance against countering fraud with similar Council's where data is available;

- Ensuring counter-fraud resources are proportion to risk and local harm;
- Encouraging the Council to focus on deterrence, by widely publicising action against fraudsters and to mitigate the risk of fraud; and
- Increasing staff confidence in the Council's whistleblowing arrangements through corporate leadership and assurance and support for those who report concerns.

2.1.2 The Council's Counter Fraud and Corruption Policy forms part of the Constitution. It was last reviewed in 2018. As part of the refresh, we have assessed our arrangements against the CIPFA Fighting Fraud and Corruption Locally checklist. The Council shows a good level of compliance and the periodic update of policies is part of this.

2.1.3 The Policy has been updated with support from Internal Audit based on best practice and their experience across their client base. There are no significant updates for the Committee to note.

2.1.4 The Policy is made up of five key areas, a summary of key points is noted below:

- **Culture** – the Council has a strong counter fraud culture from training for new starters at Council induction to maintenance of a fraud risk register where potential fraud risks are analysed and assessed;
- **Prevention** – the Council's approach is geared around fraud prevention. Operational managers and staff are best placed to prevent fraud through risk management controls applied to day to day business activities. Members, officers, Internal Audit etc all have a vital role which is set out in Section 3;
- **Deterrence** – the Council will seek to deter fraudsters through taking the strongest possible action to recover lost funds and to take legal action against fraudsters;
- **Detection and Investigation** – the Council encourages officers, Members, the public etc to refer any concerns and will investigate them through the Internal Audit function; and
- **Awareness and training** – the Council will continue to raise awareness of fraud matters through induction and other channels.

2.1.5 The ultimate measure of effectiveness is that the Council suffers no losses through fraud. Performance is reported through the Annual Fraud Report.

## 2.2 ANTI-MONEY LAUNDERING PROCEDURES

2.2.1 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on the Council to establish internal procedures to prevent the use of their services for money laundering and the prevention of terrorist financing. The Council must also appoint a Money Laundering Reporting Officer (MLRO) – in our case the Section 151 Officer to receive disclosures of money laundering activity.

- 2.2.2 In May 2018, the Sanctions and Anti-Money Laundering Act 2018 was introduced to allow the UK to impose, amend or lift sanctions after it left the European Union. This legislation does not have any real impact on our arrangements. The Council is not in a 'regulated sector'. This means we are not obligated to implement systems of work to detect and prevent money laundering activity like banks, insurance companies, lawyers, and accountants. However, CIPFA advises that we apply a risk based approach and accord with the spirit of the legislation.
- 2.2.3 The Council has a Money Laundering protocol and guidance for employees. There are three key steps the Council takes to minimise the risk of money laundering. First, it does not promote the use of cash transactions and does not take cash payments in excess of £1,000. Second, it verifies customer information before receiving or making payments. Third, it makes any refunds to the same bank card from which payments were originally made.
- 2.2.4 Our review of the Protocol has not highlighted the need for any material changes.

### **3 CONSULTATION**

- 3.1 There is no requirement to consult on this subject; the report focusses on internal arrangements to counter fraud and corruption.

### **4 ALTERNATIVE OPTIONS**

- 4.1 In terms of the Counter Fraud Strategy, then Members can endorse the current strategy or suggest amendments.

### **5 FINANCIAL IMPLICATIONS**

- 5.1 The financial implications of failing to protect the Council could be substantial. The Council's strategy for tackling fraud provides an assurance that public funds are being protected from abuse.

### **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 The Council has an on-going obligation to detect and investigate localised fraud and to prevent reoccurrence by risk management and the continuance of good governance including best practice and by following evolving anti-fraud initiatives.
- 6.2 The advice from the Monitoring Officer is that where only administrative changes (minor words changes or names changes) are made to policies, they need not be submitted to Council for re-approval. This would not apply, for example, if the policy had been updated for legislative changes.

### **7 DATA PROTECTION IMPLICATIONS**

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

### **8 EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equality Impact Assessment (EqIA) has not been completed as the report concerns internal administrative procedures.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 None

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 Good governance arrangements promote the financial wellbeing of the local community.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 This report seeks to demonstrate that the Council continues to have a robust counter-fraud culture and effective counter-fraud arrangements in place and updating of the Policy is a key part of these arrangements.

## **12 APPENDICES**

A Counter Fraud and Corruption Policy

B Money Laundering protocol

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.