



Haringey Council

Agenda item:

[No.]

Audit Committee

On 5 November 2009

Report Title: **Anti-fraud and corruption strategy**

Report authorised by: **Chief Financial Officer**

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management

Tel: 020 8489 5973

Email: anne.woods@haringey.gov.uk

Wards(s) affected: **All**

Report for: **Non-key decision**

1. Purpose of the report

1.1 To advise the Audit Committee of the revised Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and Whistle-blowing Policy.

2. State link(s) with Council Plan Priorities and actions and/or other Strategies:

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by investigating allegations of fraud and corruption, where appropriate, to reduce risks and improve controls.

3. Recommendations

3.1 That the Audit Committee approves the revised Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and Whistle-blowing Policy.

4. Reason for recommendation(s)

4.1 The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In order to provide assurance that the corporate policy is consistent with relevant professional codes of practice and other best practice requirements, it is reviewed on a regular basis, with approval for the final anti-fraud and corruption strategy and fraud response plan resting with the Audit Committee.

5. Other options considered

5.1 Not applicable

6. Summary

6.1 The Council needs to ensure that there are appropriate arrangements and processes in place for the reporting and investigation of allegations of fraud and corruption. In addition, the requirements of CIPFA's code of practice and the Comprehensive Area Assessment need to be complied with. The Council's corporate Anti-fraud and corruption strategy and fraud response plan form part of the assurances to satisfy the relevant requirements.

7. Head of Legal Services Comments

7.1 The Head of Legal Services has been consulted in the preparation of this report, and notes that the documents referred to in the recommendations all follow published best practice guidance. Accordingly, there are no direct legal implications arising out of the recommendations in the report.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer has no additional comments to make.

9. Head of Procurement Comments

9.1 Not applicable

10. Equalities and Community Cohesion Comments

10.1 This report deals with how the Council deals with allegations of fraud and corruption across all areas of the council, which have an impact on various parts of the community. Improvements in managing risks and controls and reducing the opportunity for fraud will therefore improve services the Council provides to all sections of the community.

11. Consultation

11.1 No external consultation was required or undertaken in the production of this report. Consultation has been undertaken with relevant departments to ensure that all corporate, statutory and best practice requirements are incorporated into the corporate Anti-fraud and corruption strategy.

12. Service Financial Comments

12.1 There are no direct financial implications arising from this report. Investigations into allegations of fraud and corruption are undertaken using existing available resources within Internal Audit and relevant service departments where applicable. The costs are contained within revenue budgets which are monitored on a monthly basis.

13. Use of appendices

- 13.1 Annex 1 – Anti-fraud and corruption strategy
- Annex 2 – Fraud response plan
- Annex 3 – Whistleblowing policy
- Annex 4 – Housing Benefit anti-fraud strategy

14. Local Government (Access to Information) Act 1985

- 14.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

15. Background

- 15.1 As part of the Chartered Institute of Public Finance and Accountancy's (CIPFA) 2006 Code of Practice, and the requirements of the Council's Whistle-blowing policy, Haringey Council needs to ensure that there are appropriate processes in place for the reporting and investigation of allegations of fraud and corruption.
- 15.2 The Comprehensive Area Assessment (CAA) includes the requirements to have appropriate arrangements in place which are designed to promote and ensure probity. It is therefore important to ensure that the Council can demonstrate compliance with the CAA and best practice requirements.
- 15.3 In addition, the Benefits Fraud Inspectorate, as part of their inspection in 2007, recommended that the Council produce a separate anti-fraud strategy specifically in relation to Housing Benefits work.
- 15.4 The Council's arrangements in place to ensure probity and propriety were also subject to review during 2008/09 by the Council's external auditors, Grant Thornton. No serious weaknesses in the Council's processes or systems were identified by Grant Thornton, although a number of 'best practice' recommendations were raised which have been incorporated into the annual review of the corporate anti-fraud and corruption strategy. The key change made to the strategy was to explicitly include bodies working in partnership with the Council.
- 15.5 An Anti-fraud and Corruption Strategy provides the framework within which all employees, Councillors and partnership organisations should operate. Alongside the anti-fraud strategy, a fraud response plan sets out how employees, members of the public, Councillors and other related parties can make their concerns known and how the Council will deal with any allegations made.
- 15.6 The Council is committed to reducing the potential for fraud and corruption to the lowest possible level. The revised Anti-fraud and Corruption Strategy, attached as Appendix A, is a key document in informing people of the Council's position on fraud and corruption and its intention to deal with any issues in a firm, but responsible way.

16. The Anti-fraud Strategy

- 16.1 The Council has an Anti-fraud and Corruption Strategy which is published on the Haringey website and intranet site, together with details of contact phone numbers for reporting suspected instances of fraud and corruption. Annual reminders to all staff on how to report suspected cases of fraud and corruption, together with contact details, are provided in staff newsletters, and the corporate Team Brief publication. In addition, a letter from the Chief Executive setting out expected standards and reporting processes is provided with payslips on a regular basis. This approach ensures that all staff are made aware of the Council's expectations and processes in relation to fraud and how to report it. Publicity on the Council's anti-fraud strategy is also included in the 'Haringey People' publication and Homes for Haringey's 'Home Zone' on a regular basis.
- 16.2 The anti-fraud and corruption strategy is reviewed on an annual basis to ensure that any changes to best practice or relevant codes of practice are incorporated into the Council's documents. During 2009/10, the anti-fraud and corruption strategy was reviewed, and some amendments were made in order to reflect operational changes and reporting structures and the recommendations made by Grant Thornton.
- 16.3 The Council's anti-fraud strategy and fraud response plan follows CIPFA's best practice model. The Council's Whistle-blowing policy conforms to the best practice guidance from Public Concern at Work, the independent charitable organisation which advises on whistle-blowing and governance matters.
- 16.4 Included with the Council's anti-fraud strategy, as a separate appendix, is the Housing Benefit anti-fraud strategy. The Housing Benefit anti-fraud strategy was previously presented separately to this Committee for approval, but forms part of the Council's overall consistent approach to reducing the risk of fraud and is therefore published as an appendix to the council's overall anti-fraud strategy.
- 16.5 The Council's anti-fraud strategy and fraud response plan, together with the whistle-blowing policy, give guidance to relevant individuals, employees, Councillors, members of the public and organisations working in partnership on what the Council wants to know about in relation to fraud and corruption, what people should do if they suspect fraud and corruption and how the Council will deal with any allegations made.

17. Audit Committee Responsibilities

- 17.1 The purpose of the Audit Committee is 'to provide independent assurance of the adequacy of the risk management framework and the associated control environment'.
- 17.2 Part of the Audit Committee's terms of reference includes Corporate Governance and the Regulatory Framework. Within this broad area, specific reference is made that the Committee '*monitor Council policies on Whistle-blowing and Anti-fraud and Corruption*'.

- 17.3 To fulfil part of the Committee's responsibilities, the updated anti-fraud and corruption strategy and relevant appendices is presented for review and approval.
- 17.4 In addition, in order that the Audit Committee is able to fulfil its monitoring role, the quarterly internal audit progress reports include details of all referrals via the whistle-blowing policy and email and telephone reporting facility. The quarterly reports also contain details of all disciplinary investigations which involve financial irregularities and details of any attempts to fraudulently alter and cash the Council's cheques.