

Report for: Corporate Committee – 28 June 2016

Item number: 10

Title: The Local Government Counter Fraud and Corruption Strategy 2016-2019

Report authorised by : Assistant Director of Corporate Governance

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non-key decision

1. Describe the issue under consideration

- 1.1 The Government has published a three-year counter fraud and corruption strategy for local government in a bid to reduce the estimated £2bn lost nationally each year. This report informs Members of the Fighting Fraud and Corruption Locally (FFCL) Strategy 2016-19 (the Strategy) and the associated FFCL Companion publications.
- 1.2 The Strategy makes a number of recommendations that local authorities should consider to assist in improving counter-fraud activity. These have been included in the report for review by Members (Table 1); together with suggested further actions to be undertaken in 2016/17 for review and approval by the Corporate Committee.
- 1.3 The FFCL Companion document also includes a voluntary checklist which local authorities can measure themselves against to create an effective counter-fraud and corruption culture. The self assessment checklist is included at Appendix A for review by the Corporate Committee.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Corporate Committee notes the content of the Strategy and Companion publications.
- 3.2 That the Corporate Committee confirms the recommended actions in response to the Strategy set out in paragraph 6.3; and the self assessment checklist set out in Appendix A.

4. Reasons for decision

4.1 The Corporate Committee is responsible for approving the Council’s counter-fraud strategy as part of its terms of reference. The FFCL publications are recommended good practice and should form part of the Council’s response to preventing and detecting fraud and corruption.

4.2 The publications, recommended actions and self assessment checklist are presented to inform the Corporate Committee of the Council’s approach and response to the Strategy. Further actions are included where improvements to the Council’s existing approach have been identified.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The Strategy, Fighting Fraud and Corruption Locally (FFCL), will run from 2016 to 2019. The document sets out ‘The 6C’s for catching cheats’: culture; capability; capacity; competence; communication; and collaboration. It says there is a clear need for a tougher stance to be taken towards fraudsters: “This includes tackling cross boundary and organised fraud and corruption attempts, as well as addressing new risks.” The document also warns that there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes.

6.2 The Strategy makes a number of recommendations specifically in relation to local authorities; these are set out in Table 1 below. There are some recommendations within the Strategy where the Council has identified further work could be done to achieve full compliance with the Strategy; the Council’s counter-fraud strategy and pro-active work plans will be cross referenced to the Strategy to ensure that best practice is incorporated into all counter-fraud work.

6.3 The Corporate Committee is asked to endorse the following actions in relation to those identified recommendations as follows:

Table 1 – FFCL Strategy Recommendations for Local Authorities

Ref	FFCL recommendation	Council response	Further action
1	There should be a structured programme on fraud and corruption awareness for elected members and senior managers.	Agreed.	Head of Audit and Risk Management to develop and deliver an appropriate awareness programme during 2016/17.
2	Local authorities should undertake up-to-date fraud and corruption awareness programmes and use the free resources developed by local authorities that are	Agreed.	The FFCL Good Practice Bank resources will be used to inform the awareness programme wherever possible.

Ref	FFCL recommendation	Council response	Further action
	available in the Fighting Fraud and Corruption Locally Good Practice Bank.		
3	Local authorities should collaborate where it is appropriate to do so and should place examples of useful outcomes in the Fighting Fraud and Corruption Locally Good Practice Bank and use this as a conduit to exchange information with each other.	Agreed. The Council's Fraud Team already liaises with other local authorities on key pro-active and reactive counter-fraud projects.	The FFCL Good Practice Bank resources will be used to exchange information wherever appropriate.
4	Local authorities should profile their fraud and corruption risks using the section on risks from the Fighting Fraud and Corruption Locally Companion document as a starting point.	This is already undertaken as part of the ongoing fraud risk assessment process.	N/A
5	Local authorities should ensure that they have the right resources in place by having made an assessment of the risks on fraud and corruption which should be reported to the Audit Committee or similar.	Agreed.	This will be done during 2016/17.
6	Senior officers within local authorities should ensure that officers working in the counter fraud team should be provided with appropriate accredited training.	Staff within the Fraud Team are accredited. Networking and training events are used to maintain skills and knowledge.	Further training will be undertaken during 2016/16 in accordance with needs identified during My Conversation processes.
7	Senior officers within local authorities should ensure that officers who work in areas where they might encounter fraud and corruption have appropriate training.	Agreed.	See response to recommendation 1.

Ref	FFCL recommendation	Council response	Further action
8	Local authorities should continue to work together on counter fraud hubs or, should investigate the benefits of joining hubs, and should share information where possible to help each other increase resilience to fraud and corruption and establish best practice.	The Council participates in several data sharing hubs for tenancy and housing waiting list information.	This will be ongoing during 2016/17 as further counter-fraud hubs are developed.
9	Local authorities should participate in data technology pilots to improve their efforts to detect and prevent fraud and corruption.	Agreed. The Council has been working with other public and private sector partners in 2015/16 to improve information sharing processes	Ongoing processes during 2016/17.
10	Local authorities should publicise and celebrate successes. Press stories should be collated on the Fighting Fraud and Corruption Locally Good Practice Bank and, where possible, publicity should be endorsed and promoted by the Department for Communities and Local Government.	Agreed. The Council already provides regular press briefings on successful counter-fraud projects.	The good practice bank will be used where appropriate to promote the council's counter-fraud work.
11	Local authorities should make an assessment using the Fighting Fraud and Corruption Locally Companion Checklist, increasing awareness of the UK's Anti-Corruption Plan, make themselves aware of National Crime Authority advice, ensure that staff are trained on anti-bribery and corruption, and report this to their Audit Committee together with actions to	Agreed.	Completed as part of this assessment.

Ref	FFCL recommendation	Council response	Further action
	meet the criteria set out in the Plan.		
12	Local authorities should use the free CIPFA Code of Practice on Managing the Risk of Fraud and Corruption to ensure a common standard.	This is already part of the Fraud Team's risk assessment processes.	N/A
13	Local authorities should make sure that they have in place robust reporting procedures including whistle-blowing and that these include assessment through the BSI or Public Concern at Work and that staff are trained in this area.	This is already in place and outcomes are reported to the Corporate Committee.	N/A
14	Local authorities that do not have their own housing stock should consider working with their housing partners, in return for nomination rights, to prevent and detect social housing fraud.	Not applicable. However, the Fraud Team do work with other social housing providers to support their tenancy fraud work.	N/A
15	Where appropriate local authorities should consider participating in the Tenancy Fraud Forum.	Agreed.	This will be done during 2016/17.
16	Local authorities should work with partners on relevant procurement projects and pilots and disseminate information as appropriate.	Agreed.	This is being developed as part of the partnership working with other public and private sector partners.
17	Local authorities should look at insider fraud and consider using the Internal Fraud Database at CIFAS following the London Borough of Ealing pilot.	Agreed.	This will be reviewed in 2016/17 when the Ealing pilot has been completed.
18	Local authorities should horizon scan and explore	This is already completed as part of	N/A

Ref	FFCL recommendation	Council response	Further action
	new areas, e.g.cyber and identity issues and explore new methods to detect fraud, e.g.behavioural insights.	the ongoing fraud risk assessment processes.	
19	Local authorities should use the Fighting Fraud and Corruption Locally Companion Checklist to ensure that they have the right counter fraud and anti-corruption measures in place and should report the results of this to their Audit Committee and the External Auditor.	Completed.	Will be reviewed on a regular basis during the lifetime of the 2016-19 FFCL Strategy.

6.4 The completed self assessment checklist at Appendix A confirms that the Council is complying with recommended best practice from the Companion in most areas. Where further action has been identified, the Corporate Committee is asked to endorse this.

6.5 An action plan will be developed to incorporate all agreed recommendations; this will be provided to the Corporate Committee during 2016/17 to update Members on progress.

7. Contribution to strategic outcomes

7.1 The internal audit and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The costs of the counter-fraud work completed by the Fraud Team are contained and managed within the Audit and Risk Management revenue budget.

The financial benefits to the Council of the work completed as part of the ongoing counter- fraud work are realised by services across the Council. Ensuring that the counter-fraud work meets best practice standards will assist the Council to deploy its resources more effectively.

8.2 Legal

The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and advises that in view of the fact that the proposed actions in response to the Strategy have been formulated with reference to the

contents of the Strategy, there are no direct legal implications arising out of the report.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies. However, ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Fighting Fraud and Corruption Locally Companion – Self Assessment Checklist

Appendix B – Fighting Fraud and Corruption Locally – Strategy 2016-19

Appendix C – Fighting Fraud and Corruption Locally – The Companion

10. Local Government (Access to Information) Act 1985

Not applicable

The Fighting Fraud and Corruption Locally (FFCL) Companion Self Assessment Checklist

The following guide is a suggested voluntary checklist, describing a standard that a local authority can measure itself against to create an effective counter fraud and corruption culture and response:

Ref	FFCL Companion Checklist Recommendations	Council's Self Assessment
1	The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	Yes, the key fraud risks have been identified and are included in the annual counter-fraud plan.
2	The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.	Yes, the key and emerging fraud risks are included in the Fraud Risk Register and an assessment of local and national fraud risks is undertaken every six months; the counter-fraud plan is adjusted depending on any emerging high risk areas.
3	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2016 and this checklist.	Yes, The Head of Audit's annual report details the outcomes of the counter-fraud work undertaken during the previous year; quarterly updates are provided to the Corporate Committee.
4	There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	Yes, there is a counter-fraud and corruption strategy in place; the last update was completed and approved by the Corporate Committee in 2015. Regular updates are provided to all staff via newsletters; and articles in Haringey People and Home Zone target the wider borough community.
5	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Yes, the Council's various HR, IT Security and procurement policies include key counter-fraud requirements.
6	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	Yes, fraud risk is included in key service area and Priority Board risk registers.
7	Counter fraud staff are consulted to fraud proof new policies, strategies and initiatives across departments and this is reported upon to committee.	No, not automatically. However, advice is sought as part of the risk based audits completed; any reactive fraud investigations; and the Organisation Impact Assessment

Ref	FFCL Companion Checklist Recommendations	Council's Self Assessment
		process for the Resources Board. The Head of Audit will discuss this with Priority Owners during 2016/17.
8	The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	Yes, part of the risk based counter-fraud assessment and project processes; National Fraud Initiative investigations. All counter-fraud outcomes are reported to Corporate Committee.
9	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: <ul style="list-style-type: none"> • codes of conduct including behaviour for counter fraud, anti-bribery and corruption; • register of interests; and • register of gifts and hospitality. 	Yes, part of HR employee Code of Conduct; Member declaration of interest processes; and HR policies on conflicts of interest and gifts and hospitality. Assurance obtained via annual governance statement returns by directors and assistant directors; and regular internal audit reviews.
10	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in <i>FFCL 2016</i> to prevent potentially dishonest employees from being appointed.	Yes, part of standard HR processes; annual checks via internal audit key financial systems reviews.
11	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	Yes, annual process for members; regular reminders to all staff regarding requirements. Reported to Corporate Committee when audits undertaken.
12	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Yes, there is a counter-fraud work plan in place which is agreed with and communicated to senior managers.
13	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Yes, publicised via the council website, newsletters and local/national media as required (depending on the case and the outcome).
14	There is an independent whistle-blowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	Yes, part of the counter-fraud policy. Reports to Corporate Committee on use and outcomes are made on a quarterly basis and also in the Head of Audit annual report.
15	Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	Not part of standard council contract terms and conditions, but was raised as a recommendation in the 2015/16 audit review of whistleblowing arrangements. Action plan in place to address this going forward; this will

Ref	FFCL Companion Checklist Recommendations	Council's Self Assessment
		be tested as part of the audit follow up processes to ensure compliance.
16	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	Yes, annual review of resources is undertaken alongside the key fraud risk assessment.
17	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	Annual counter-fraud plan is in place and currently approved by Statutory Officers Group.