



**REVISED ANTI FRAUD & CORRUPTION POLICY JUNE 2019**

**AUDIT COMMITTEE  
MEETING DATE 19<sup>th</sup> June 2019**

**CLASSIFICATION:**

**Open**

**If exempt, the reason will be listed in the main body of this report.**

**WARD(S) AFFECTED**

**All Wards**

**CORPORATE DIRECTOR**

**Ian Williams Group Director of Finance and Corporate Resources**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report provides a review of the Council's current Anti-Fraud and Corruption Policy which was last reviewed by Committee in July 2013.

## **2. RECOMMENDATION**

### **2.1 The Audit Committee is recommended to:**

**Approve the revised Anti-Fraud and Corruption Policy.**

## **3. REASONS FOR DECISION**

- 3.1 The policy sets out the Council's commitment to tackling and minimising fraud, corruption and irregularity to the lowest possible level, and highlights the role that all officers and Members have to support this. It also sets out the high-level approach to how we will investigate concerns when they are identified, and links to other Council policies including the Codes of Conduct. As such, it underpins the investigation work that the Audit Committee is regularly briefed on.

## **4. BACKGROUND**

There are legislative requirements that relate to the Council's response to allegations of fraud and irregularity, including the Local Government Act 1972 (s151), which requires that:

'Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'.

The Accounts and Audit Regulations 2015 specify certain requirements of local authorities. In order to comply with these regulations the Council needs to ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

Officers have conducted a review of the Council's Anti-Fraud and Corruption Policy. The conclusion of the review was that although the policy strongly underpins the Council's commitment to creating and maintaining an anti-fraud and corruption culture which promotes the highest standard of behaviour from its' Councillors, employees and all external individuals and organisations that it deals with, revisions were required to ensure that the Policy is up to date and remains robust and fit for purpose. These revisions are summarised as follows:

- Revisions to ensure that content is most accurately recorded under either the 'Policy' or the 'Fraud Response Plan' sections;

- Clarification that the Policy covers Council maintained schools and also organisations that the Council provides grants to or contracts with, in line with the expectations set out in the Council's Financial Procedure Rules;
- Clarification that future revisions to the policy should be approved by the Audit Committee;
- Changes to contact details.

#### **4.1 Policy Context**

All investigation work is undertaken in compliance with relevant legislation and Council policy, including this Anti-Fraud and Corruption Policy, Member and Officer Codes of Conduct, RIPA Policy, Anti-Money Laundering Policy and Whistleblowing Policy. The Policy and Fraud Response Plan are compatible with relevant legislation including the Criminal Procedures and Investigations Act 1996, Police and Criminal Evidence Act 1984, Regulation of Investigatory Powers Act 2000 and The Investigatory Powers Act 2016.

#### **4.2 Equality Impact Assessment**

For the purposes of this report an Equality Impact Assessment is not applicable, although all investigation work is carried out in compliance with the Council's Equality policies.

#### **4.3 Sustainability**

Not applicable – This report contains no new impacts on the physical and social environment.

#### **4.4 Consultations**

The revised document has been reviewed by colleagues from Legal, Human Resources and The Learning Trust, with comments incorporated to the final revision as appropriate.

#### **4.5 Risk Assessment**

The risk of fraud exists in many of the activities undertaken by any local authority. The Anti-Fraud and Corruption Policy is a key document to ensure that all Hackney workers and bodies that receive funding from the Council are aware of their responsibilities to minimise the risk to the lowest possible level, and to ensure that the Council's response when fraud, corruption or irregularity does occur is compliant with the law and provides the best possible opportunity to protect our interests.

### **5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 5.1 There are no financial implications arising from this report as the costs of providing the investigation service are included within the Council's base budget.

5.2 An effective investigation service is important to help ensure that public funds are used appropriately, to enable sanctions where suitable, and to deter fraudsters from targeting the Council.

## 6. COMMENTS OF THE DIRECTOR OF LEGAL

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its' financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent.

6.2 The inclusion of the Anti-Bribery Policy accords with the requirements of the Bribery Act 2010. The Act creates four offences (a) bribing another person (b) receiving a bribe (c) bribing a foreign public official, or (d) failure of commercial organisations to prevent bribery. The offences are punishable with imprisonment for up to 10 years or an unlimited fine against the individual or commercial organisation.

An organisation will not commit an offence of failing to prevent bribery if it can show that the organisation had adequate procedures designed to prevent bribery. Government guidance provides that what counts as adequate will depend on the exposure of risk faced by the organisation. The guidance recommends that 'adequate procedures' should be built around six principles, namely, proportionate procedures, top level senior management commitment, risk assessment, due diligence of relevant associated persons/agents/third parties, communication and training of staff and others of an organisation's policies/procedures and regular monitoring and review of the adequacy and suitability of its policies and procedures.

The recommendation at paragraph 2.1 falls within the Audit Committee terms of reference relating to risk management.

## APPENDICES

Appendix 1 – Revised Anti-Fraud and Corruption Policy June 2019

## BACKGROUND PAPERS

None

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