



## **AUDIT AND GOVERNANCE COMMITTEE:**

**29 May 2018**

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**Report of: Borough Treasurer**

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**SUBJECT: ANTI FRAUD AND CORRUPTION ACTIVITIES**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the fraud, bribery and corruption issues facing the Council and the action being taken to deal with them.

### **2.0 RECOMMENDATIONS**

- 2.1 That the self-assessment of Fraud and Corruption issues as set out in Appendix 1 be noted.
- 2.2 That the Counter Fraud Plan as set out in Appendix 2 be endorsed.
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### **3.0 BACKGROUND**

- 3.1 The Council has always taken a steadfast approach to tackling fraud and corruption issues. The importance and profile of this issue has increased in recent times though as a result of the difficult financial climate and reductions in Council funding. This has had a double impact because economic distress can increase the incentive to commit fraud, and at the same time controls to prevent and detect fraud have come under pressure as Councils must reduce their costs as a result of funding reductions.
- 3.2 The types of fraud experienced by local authorities – which include housing tenancy, payroll, procurement, council tax discounts etc - demonstrate the breadth of services potentially affected and the need for all service areas to remain vigilant and respond proactively to new emerging fraud and corruption issues. Fraud can also either be internal to the Council (for example Members

making fraudulent expenses claims, or staff claiming to have qualifications that they do not possess) or external (for example the illegal sub letting of Council housing or claims for payment that are not valid).

- 3.3 In response to this requirement to remain vigilant, the Council's counter fraud, bribery and corruption arrangements are periodically reviewed to ensure that they remain adequate and that they comply with best practice. This report now provides an update on these arrangements.

#### **4.0 CORPORATE APPROACH**

- 4.1 The Council's approach follows the three principles detailed in the Counter fraud strategy "Fighting Fraud Locally" developed by Local Government for Local Government:

- Acknowledge – acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response
- Prevent – preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture
- Pursue – punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response

- 4.2 This strategy highlights that no local authority is immune from fraud and that acknowledging this fact is the most important part in developing an appropriate and effective anti-fraud response. Recognising fraud must also incorporate a thorough understanding and knowledge about what the fraud problem is, where it is likely to occur, and the scale of potential losses. This can then enable a robust and proportionate fraud response to be developed.

- 4.3 Current potential 'scams' are also regularly circulated to relevant staff to ensure vigilance concerning bogus claims or transactions. For example, it is well documented that fraudulent companies are regularly targeting local authorities to alter supplier bank account details, so payments are made into the fraudster's bank account rather than the supplier's account. The Creditor's section is made aware of current issues and remains vigilant to this potential fraud.

#### **5.0 REVIEW OF CURRENT ARRANGEMENTS**

- 5.1 A fraud self-assessment checklist has been completed and is included in Appendix 1. This shows that in general, Managers feel that there are satisfactory arrangements in place to deal with fraud, bribery and corruption issues and no significant weaknesses have been identified.
- 5.2 Best practice guidance states that Councils should have a Counter Fraud plan in place. This plan should be based on a robust fraud risk assessment focused on areas where there is a high risk of fraud. The latest Counter Fraud plan is set out

in Appendix 2 and summarises the existing work programmes of different service areas. Members are now asked to consider and endorse this Plan.

- 5.3 Taking into account all of these factors it can be concluded that the Council's anti-fraud and corruption arrangements remain appropriate and fit for purpose. However, the Council is not complacent and the position will be kept under review. Managers will do their utmost to ensure that these issues are tackled as effectively as possible within the resources available, and consideration will continue to be given to what further initiatives can be undertaken to ensure that a proactive approach is in place.
- 5.4 It is also intended that the Council's Anti-Fraud, Corruption and Bribery policy will be updated under delegated authority to reflect changes in job titles, structural changes and other minor issues before being re-issued to all staff and Councillors.

## **6.0 SUSTAINABILITY IMPLICATIONS**

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## **7.0 RISK ASSESSMENT**

- 7.1 It is important that the Council monitors and reviews its internal control arrangements for preventing fraud and corruption. The measures set out in this report will help to ensure that the Council continues to have an effective anti-fraud, bribery and corruption framework in place.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

Appendix 1 – Fraud Self-Assessment Checklist  
Appendix 2 – Counter Fraud Plan