

North Tyneside Council Report to Cabinet

Date: 10 July 2017

ITEM 6(b)

Title: Anti Fraud,
Corruption and Bribery
Policy

Portfolio(s): Finance and Resources

**Cabinet Member(s): Councillor Ray
Glindon**

Report from Service Area: Commissioning and Investment

**Responsible Officer: Mark Longstaff, Head of Commissioning and Investment
Janice Gillespie, Head of Finance**

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Wards affected: All

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet's approval for a revised Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan for the Authority.

The Policy explains the Authority's zero tolerance of fraud, bribery and corruption, explains the roles of a number of the Authority's stakeholders in the prevention, deterrence and detection of fraud and impropriety, and incorporates an updated Fraud Response Plan for instances where suspected fraud occurs.

1.2 Recommendation(s):

It is recommended that Cabinet approve the draft Anti Fraud, Corruption and Bribery Policy, and Fraud Response Plan, attached as Appendix A to this report.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 12 June 2017.

1.4 Council Plan and Policy Framework

The draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan will support all service responsibilities as identified within the Our North Tyneside Plan.

1.5 Information:

Background

- 1.5.1** The Authority's current Anti Fraud and Corruption Policy and Fraud Response Plan was agreed in November 2006. This codified the measures in place throughout the Authority to prevent, deter and detect fraud and corruption. The document was widely publicised at its inception, with a personal copy provided to every employee of the Authority. The Policy and Fraud Response Plan have now been reviewed by Internal Audit, in conjunction with officers in Finance, Human Resources and Legal Services. We have sought to ensure that the procedures contained within the Authority's counter fraud plans remain fit for purpose and that our fraud response arrangements continue to be sound.
- 1.5.2** The Authority has had a high level of compliance with the existing policy and comparatively few frauds have been referred. Where fraud referrals have been received, detailed investigation has been undertaken in accordance with the Policy.
- 1.5.3** Since publication of the last Policy, legislation has been enacted relating to bribery and local authorities' responsibilities in combatting this type of crime. The opportunity has therefore been taken to update our existing sound counter fraud arrangements to include our responsibilities relating to potential bribery. The draft Anti Fraud, Corruption and Bribery Policy, attached as Appendix A, now clearly states the Authority's commitment to preventing fraud, corruption and bribery. It documents measures designed to frustrate any attempted fraudulent act. The accompanying Fraud Response Plan has been updated and details how concerns regarding suspected instances of fraudulent or corrupt acts should be reported and documents the steps to be taken if such an act does occur.
- 1.5.4** It is proposed that, once approved, the policy document is again placed on the Authority's internet and intranet sites and is circulated widely across the Authority, with awareness raising undertaken on the content of the document and steps to be followed in the event that an irregularity is identified.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet approves the draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan (Appendix A).

Option 2

Cabinet does not approve the draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan (Appendix A).

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Approval of the draft Policy and Fraud Response Plan will allow the Authority to operate in line with best practice and professional guidance, and ensure that the Authority's published guidance on handling suspected fraud and irregularity is up to date and reflects prevailing legislation.

1.8 Appendices:

Appendix A – Draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan June 2017).

1.9 Contact officers:

Allison Mitchell, Chief Internal Auditor, 0191 643 5720
Kevin McDonald, Group Assurance Manager, 0191 643 5738
Robert Dutton, Senior Counter Fraud Officer, 0191 643 5754
Alison Campbell, Senior Business Partner, 0191 643 7038

1.10 Background information:

The following background papers have been used in the compilation of this report and are available at the office of the author.

- Anti Fraud and Corruption Policy and Fraud Response Plan (October 2006)
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=30049
- Bribery Act 2010
<http://www.legislation.gov.uk/ukpga/2010/23/contents>
- Localism Act 2011
<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Internal Audit and Risk Management service supports the Chief Finance Officer in discharging the requirements of Section 151 Local Government Act 1972, and the Accounts and Audit Regulations 2015. This requires a local authority's responsible financial officer (Section 151 Officer) to ensure that financial control systems include measures to ensure that risk is appropriately managed, and which enable the prevention and the detection of inaccuracies and fraud. Managing the risk of fraud and impropriety is a key strand of the Authority's governance framework.

There are no direct financial implications arising from the recommendations in this report. Should any financial implications associated with these risks emerge that can not be contained within current budgets, then these will be reported to Cabinet.

2.2 Legal

The Accounts and Audit Regulations 2015 require the Authority's responsible financial officer to ensure that financial control systems include measures to ensure that risk is appropriately managed and which enable the prevention and the detection of inaccuracies and fraud.

Under Section 7 of the Bribery Act 2010, the Authority may be liable for prosecution if a person associated with the Authority bribes another person with the intention of obtaining or retaining business, or to obtain or retain an advantage in the conduct of business for the Authority. However, Section 7 of the Bribery Act 2010 also details that it would be a defence for the Authority, in such a situation, to have in place adequate procedures designed to prevent persons associated with the Authority from undertaking such conduct. The draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan form a key element of the Authority's procedures in this regard.

2.3 Consultation/community engagement

The updated draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan has been shared with the Authority's Senior Leadership Team, and specifically the Head of Finance (Section 151 Officer) and the Head of Human Resources and Organisational Development who are the chief officers most likely to be responsible for matters covered within the Policy. The draft Policy has also been shared with the Authority's external auditor.

2.4 Human rights

The draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan complies with all prevailing Human Resources and Human Rights legislation.

2.5 Equalities and diversity

There are no equalities and diversity implications arising directly from this report.

2.6 Risk management

There are no risk management implications arising directly from this report..

2.7 Crime and disorder

The draft Anti Fraud, Corruption and Bribery Policy and Fraud Response Plan, attached at Appendix A, set out the procedures to be followed in the event that fraud or irregularity is suspected; accordingly, these procedures contribute to the reduction of crime.

2.8 Environment and sustainability

There are no environment and sustainability implications arising directly from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy