



Committee and date

Audit Committee  
25 November 2010

Council  
9 December 2010

10.00 am

Item No

**15**

Public

## **ANNUAL REVIEW OF COUNTER FRAUD AND ANTI-CORRUPTION STRATEGY**

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### **Summary**

Members are asked to comment on the attached Counter Fraud and Anti-Corruption Strategy which has been totally refreshed in line with best practice and continues to clearly outline the Council's commitment to stand against all forms of Fraud and Corruption whether it is attempted on or from within the Council.

### **Recommendations**

Members are asked to comment on:

A The Counter Fraud and Anti-Corruption Strategy and

Members are asked to:

B Propose its adoption to Council as a key part of the Council's stance against Fraud and Corruption.

### **Background**

1. The Council has always set itself high standards for both members and officers in the operation and administration of the Council's affairs and has always dealt promptly with any allegations or suspicions of fraud and corruption. It has in place policies and procedures to prevent fraud and corruption, including a Speaking up about Wrongdoing policy and an overarching Counter Fraud and Anti-Corruption Strategy.
2. The Anti-Fraud and Corruption Strategy was originally approved by Council on 25 April 2003 and is contained in Part 5 of the Constitution. It was last reviewed and updated on 7 December 2009 when it was discussed by Audit Committee.

3. The strategy clearly identifies the Council's commitment to an effective Counter Fraud and Anti-Corruption approach as part of its overall Corporate Governance arrangements. This strategy is designed to:
  - Encourage prevention;
  - Promote detection; and
  - Identify a clear path for investigations.
4. This strategy has been refreshed in accordance with best practice, CIPFA's Red Book, produced by the CIPFA Better Governance Forum Counter Fraud Advisory Panel following wide ranging consultation and contributions from practitioners. The approach is aligned to the National Fraud Strategic Authority (NFSA) and is recommended by organisations such as ALARM (National Forum for Public Sector Risk Management) and the IIA (Institute of Internal Auditors).
5. To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is required with a clear remit covering all areas of fraud and corruption that may affect the organisation. There needs to be a clear understanding of the importance of the links between policy work (to develop a counter fraud and anti-corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing robust policies and systems) and operational work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where they are found).
6. The temptation may be to 'pick and choose' actions. However, the full range of integrated action must be taken forward with the organisation's focus clearly on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc).
7. The strategy has been reviewed to ensure that it:
  - (i) links to the Council's values;
  - (ii) emphasises the Council's remit to reduce losses to fraud and corruption to an absolute minimum;
  - (iii) demonstrates links between 'policy' work and 'operational' work;
  - (iv) is agreed by both the political and executive authority for the Council;
  - (v) accurately identifies the risk;
  - (vi) creates and maintains a strong structure to pursue its remit including:
    - having the necessary authority and support;
    - providing for specialist training and accreditation;
    - completing appropriate propriety checks;
    - developing effective relationships with other organisations.
  - (vii) Takes action to tackle the problem by:
    - integrating different actions;
    - building a strong counter fraud and anti corruption culture;
    - having clear actions to deter any problem;
    - taking action to prevent fraud and corruption;
    - early detection of any issues;
    - investigating appropriately in accordance with clear guidance;

- having clear and consistent sanctions where fraud or corruption is proven;
  - having clear policies on redressing losses.
- (viii) Focuses on outcomes and not merely activity.
- (ix) Encompass Housing and Council Tax Benefit fraud.

8. Given the significant changes made to the Counter Fraud and Anti Corruption Strategy Members are asked to comment on the strategy attached as Appendix A and propose its adoption to Council.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

CIPFA Better Governance Forum: Managing the Risk of Fraud, Actions to Counter Fraud and Corruption.

**Human Rights Act Appraisal**

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

**Environmental Appraisal**

N/A

**Risk Management Appraisal**

The failure to promote an effective Counter Fraud and Anti-Corruption Strategy could lead to possible fraud and irregularities not being detected.

**Community / Consultations Appraisal**

**Cabinet Member**

Keith Barrow, Leader of the Council (Brian Williams Chairman of Audit Committee)

**Local Member**

All

**Appendices**

Appendix A – Shropshire Council Counter Fraud and Anti-Corruption Strategy