

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

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### **1. Summary**

The Counter Fraud, Bribery and Anti-Corruption Strategy has been reviewed and refreshed in line with best practice and continues to clearly outline the Council's commitment against all forms of fraud, bribery and corruption whether it is attempted on or from within the Council. Specifically the Strategy has been revised with some minor changes to ensure that it is aligned to key changes in Whistleblowing laws which took effect on 25 June 2013 and internal structure changes.

### **2. Recommendations**

Members are asked to consider and endorse with appropriate comment the:

- A Counter Fraud, Bribery and Anti-Corruption Strategy as a key part of the Council's stance against Fraud, Bribery and Corruption.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The presence and promotion of an effective Counter Fraud, Bribery and Anti-Corruption Strategy, helps the Council to proactively encourage the detection of fraud and irregularities and the appropriate management of them.
- 3.2 In reviewing the Council's Counter Fraud, Bribery and Anti-Corruption Strategy for alignment to the key changes in Whistleblowing laws which took effect on 25 June 2013, the Council continues to apply best practice in delivering the service.
- 3.3 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

### **4. Financial Implications**

All revisions can be met from within existing budgets.

## 5. Background

5.0 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, bribery and corruption, including a Speaking up about Wrongdoing policy and an overarching Counter Fraud, Bribery and Anti-Corruption Strategy.

5.1 The Counter Fraud, Bribery and Anti-Corruption Strategy is contained in Part 5 of the Constitution. It was last reviewed and updated on 7th December 2012 when it was discussed by Audit Committee.

5.2 This latest review ensures that the strategy complies with four key changes to whistleblowing laws that took effect on 25 June 2013 which are:

**1. Ensure that your whistleblowing policy covers protected disclosures made "in the public interest"**

From 25 June 2013, a "qualifying disclosure" means any disclosure of information that, in the reasonable belief of the worker, is made in the public interest. [Our whistleblowing policy has been reviewed and currently covers this.](#)

**2. Remove the requirement in your whistleblowing policy that disclosures must be made "in good faith"**

The requirement that a whistle-blower make a qualifying disclosure "in good faith" is removed, from 25 June 2013. [This has been amended in our whistleblowing policy.](#)

**3. Clarify that complaints about breaches of employees' own contracts of employment should be raised as a grievance**

From 25 June 2013, a consequence of the new "public interest" requirement is that employees will generally be precluded from being able to "blow the whistle" about breaches of their own employment contract. [This is explained in our policy, and we have made it clear that an employee making such a complaint can still use the employer's grievance procedure.](#)

**4. Make sure now that other employees do not mistreat whistle-blowers**

Whistle-blowers will be protected from suffering a detriment, bullying or harassment from another employee, from 25 June 2013. Before that date, employees who make protected disclosures are protected from adverse treatment only in relation to their employer's activity. [Our whistleblowing policy makes it clear that colleagues should not mistreat a whistle-blower.](#)

5.3 Proposed changes are shown in bold and are underlined in the attached Strategy **(Appendix A)**

5.4 The strategy clearly identifies the Council's commitment to an effective Counter Fraud, Bribery and Anti-Corruption approach as part of its overall Corporate Governance arrangements. This strategy is designed to:

- Acknowledge and understand fraud risks;

- Prevent and detect more fraud; and
  - Pursue and punish fraud and recover losses.
- 5.5 This strategy reflects best practice from CIPFA's Red Book, the National Fraud Authority (NFA) Fighting Fraud Strategies and guidance from organisations such as ALARM (National Forum for Public Sector Risk Management) and the IIA (Institute of Internal Auditors).
- 5.6 It is recognised that to reduce losses to fraud, bribery and corruption to an absolute minimum, a strategic approach is required with a clear remit covering all areas of fraud, bribery 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, bribery and anti-corruption culture, create a strong deterrent effect and prevent fraud, bribery and corruption by designing robust policies and systems) and operational work (to detect and investigate fraud, bribery and corruption and seek to apply sanctions and recover losses where they are found).
- 5.7 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.).
- 5.8 The strategy has been reviewed to ensure that it continues to:
- Link to the Council's values.
  - Emphasise the Council's remit to reduce losses to fraud, bribery and corruption to an absolute minimum.
  - Demonstrate links between 'policy' work and 'operational' work.
  - Show agreement by both the political and executive authority for the Council.
  - Accurately identify the risk.
  - Create and maintain 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;
  - Take 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.
  - Focus on outcomes and not merely activity.
  - Encompass Housing and Council Tax Benefit fraud
- 5.9 Members are asked to comment on the strategy attached as **Appendix A**.

**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.

The Bribery Act 2010

NFA Fighting Fraud Together, The strategic plan to reduce fraud

Fighting Fraud Locally: The Local Government Fraud Strategy

Enterprise and Regulatory Reform Act 2013

**Cabinet Member (Portfolio Holder)** Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

**Local Member** n/a

**Appendices**

**Appendix A:** Shropshire Council Counter Fraud, Bribery and Anti-Corruption Strategy