	Committee and Date	Item
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		Public

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

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1. Summary

This report provides members with an update following the latest review of the Counter Fraud, Bribery and Anti-Corruption Strategy. In line with best practice, the strategy continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption whether it be attempted on, or from within, the Council, thus demonstrating the continuing and important role it plays in the corporate governance and internal control framework. It also sets out an action plan for adoption to ensure continuous improvement.

2. Recommendations

Members are asked to consider, and endorse with appropriate comment the Counter Fraud, Bribery and Anti-Corruption Strategy.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1   The adoption and promotion of an effective Counter Fraud, Bribery and Anti-Corruption Strategy helps the Council encourage the detection of fraud and irregularities proactively, and manage them appropriately.

3.2   In aligning the Council's Counter Fraud, Bribery and Anti-Corruption Strategy with CIPFA's Code of practice on managing the risks of fraud and corruption, the Council continues to apply best practice.

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

5.1   The Council sets itself high standards for both members and officers in the operation and administration of the Council's affairs and has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. It has in place policies, procedures and initiatives to prevent, detect and report on fraud, bribery and corruption, including a Speaking up about Wrongdoing policy supported by an overarching Counter Fraud, Bribery and Anti-Corruption Strategy.

5.2   The Counter Fraud, Bribery and Anti-Corruption Strategy is contained in part five of the Constitution. It was last reviewed and updated in November 2015. The revisions were discussed at Audit Committee.

6. Counter Fraud, Bribery and Anti-Corruption Strategy

6.1   CIPFA's Code of practice on managing the risks of fraud and corruption states that an organisation needs a counter fraud strategy which sets out its approach to managing risks and defining responsibilities for action.

6.2   Shropshire's 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. The strategy will enable the Council to:
- Acknowledge and understand fraud risks;
- Prevent and detect more fraud; and
- Pursue and punish fraud and recover losses.

6.3   The strategy reflects best practice from CIPFA's Code of practice on managing the risks of fraud and corruption, CIPFA's Red Book, the National Fraud Authority (NFA) Fighting Fraud Strategies and guidance from organisations such as ALARM (the National Forum for Public Sector Risk Management) and the IIA (Institute of Internal Auditors).

6.4   It is recognised that to reduce losses to fraud, bribery and corruption to an absolute minimum, a strategic approach with a clear remit covering all areas of fraud, bribery and corruption that may affect the Council is required. 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).

6.5   The temptation may be to 'pick and choose' actions. However, the full range of integrated action must be taken forward with the Council's focus clearly on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc.).

6.6   The strategy has been reviewed to ensure that it continues to emphasise the Council's remit to reduce losses to fraud, bribery and corruption to an absolute minimum. It:
- Demonstrates links between 'policy' work and 'operational' work.
- Shows agreement by both the political and executive authority for the Council's approach.
- Acknowledges fraud and identifies accurately the risk.
- 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.
- Enables actions 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.
- Focuses on outcomes and not merely activity.

National Picture

6.7   The Fighting Fraud and Corruption Locally Strategy (FFCL) 2016–2019 is England's counter fraud and corruption strategy for local government. It has been developed by local authorities and counter fraud experts. It is the definitive guide for council leaders, chief executives, finance directors, and all those with governance responsibilities. The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape. The production and implementation of the strategy is overseen by the Fighting Fraud and Corruption Locally board, which includes representation from key stakeholders.

6.8   The Fighting Fraud and Corruption Locally Companion 2016–2019 is aimed at those in local authorities who undertake work in the counter fraud area. It contains information on the research for the FFCL Strategy on main risks and the counter fraud landscape. A number of themes emerged in the research and have been outlined in this document. The FFCL Companion also contains good practice and a checklist for local authorities to use as part of making sure they

have the right processes and resources in place. The Council's Counter Fraud, Bribery and Anti-Corruption Strategy has been updated using this checklist and actions identified for improvements.

6.9   Following review against CIPFA's Code of Practice on managing the risk of fraud and corruption, and the FFCL companion, the following improvements have been made to the Council's Counter Fraud, Bribery and Anti-Corruption Strategy appearing in **Appendix A** of this report:

- A revised statement from the leadership team appears at the front of the strategy recognising the specific threats of fraud and corruption faced by the Council;
- An action plan aligned to the strategy, which will allow for performance monitoring of improvements, is included in this report;
- The Council's overall approach to recovery of losses resulting from fraud is set out in Appendix 4 of the strategy; and,
- Overall the structure of the strategy has been redesigned to improve the clarity of its message.

These improvements build on the principles already adopted and in place.

Action Plan

6.10   This Action Plan sets out the developments the Council proposes over the medium term future to further improve its resilience to fraud and corruption.

Action	Implementation Date
To proactively use the results of previous fraud risk assessments and publically available information from recognised organisations i.e. CIPFA, Grant Thornton, to direct counter fraud resources in the annual Internal Audit Plan.	Spring 2017
To refresh the Council's suite of anti-fraud policies, strategies and procedures and to ensure that they continue to be relevant to national guidance.	Annually in November
To remind all staff and members of their role in sustaining a strong counter fraud, bribery and anti- corruption culture and the appropriate reporting channels where any fraud is suspected.	Annually in November
To undertake an annual Fraud Risk Assessment covering the Council's main areas of exposure to fraud and to use the results to influence the Council's approach moving forward.	Annually in October
To update the Council's e-learning module on Fraud Awareness and to promote its uptake by all employees.	July 2017
To be an active participant in the National Fraud Initiative (NFI) and to investigate robustly suspected cases of fraud identified through NFI and report outcomes to Audit Committee.	Biannually in November

Action	Implementation Date
To refresh the Fraud Awareness pages on the web site and to engage with managers through targeted communications to emphasise their obligations to operate effective systems of internal control which are designed to reduce the risk to the Council of fraud, error or inadvertent loss.	Annually in November
To assess the Council's response to fraud against the Fighting Fraud and Corruption Locally companion checklist	February 2017 Completed.

6.11   Members are asked to consider and comment endorse with appropriate comment the Counter Fraud, Bribery and Anti-Corruption 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: Code of practice on managing the risks of fraud and corruption, October 2014 The Bribery Act 2010 Fighting Fraud Locally: The Local Government Fraud Strategy
Cabinet Member (Portfolio Holder) Malcolm Pate (Leader of the Council) and Tim Barker (Chairman of Audit Committee)
Local Member n/a
Appendix A: Shropshire Council Counter Fraud, Bribery and Anti-Corruption Strategy