

CHESHIRE EAST COUNCIL

Governance and Constitution Committee

Date of meeting: 21 May 2009
Report of: Internal Audit Manager
Title: Anti-fraud and Corruption Strategy

1.0 Purpose of Report

- 1.1 The purpose of this report is to present a draft Anti-fraud and Corruption Strategy (Appendix A) for the Committee to consider.

2.0 Background

- 2.1 The aim of the Anti-fraud and Corruption Strategy is to respond to national and local concerns about fraud, particularly public sector fraud, by the introduction of clear guidelines for the detection, prevention and reporting of fraud.
- 2.2 The attached Policy describes the comprehensive framework of policies and procedures that are intended to deal with acts of fraud or corruption. The strategy is of relevance to all Members and employees of the Council and all organisations with which it is associated.

3.0 Recommendations

- 3.1 That the Committee:
- (1) endorse the draft of the Anti-fraud and Corruption Strategy; and
 - (2) nominate Internal Audit as the main body dealing with and coordinating any enquiries in response to allegations of fraud and corruption.

4.0 Financial Implications for Transition Costs

- 4.1 None.

5.0 Financial Implications 2009/10 and beyond

- 5.1 There will be a package of training on safeguarding resources that will cover a number of inter related topics including Anti-fraud and Corruption related matters.
- 5.2 The potential actions of those perpetrating frauds, the investigation and disciplinary processes will result in the loss of (financial, human and logistic) resources to the Council.

6.0 Legal Implications

- 6.1 Fraud related offences are sanctioned with a) summary conviction through imprisonment not exceeding 12 months or to a fine not exceeding the statutory maximum (or to both) or b) conviction on indictment to prison not exceeding 10 years or to a fine (or both).
- 6.2 There could also be legal consequences for the Council if it could not demonstrate adequate performance in fraud prevention in the Use of Resources element of the Comprehensive Area Assessment. This is assessed by the External Auditor.

7.0 Risk Assessment

- 7.1 This is an important area as the risks to the reputation of the Council are high if inadequate controls permitted major fraud to occur.
- 7.2 The risk of the Council being involved in attempted frauds and corruption is relatively at present but could escalate as a result of
- The effects of significant structural and management changes as a result of the Local Government Review;
 - Greater delegation or changes in delegation for chief officers and managers;
 - Cash limits for service managers;
 - Potential dilution of traditional supervision and control measures during the period of transition;
 - Increasing levels of organised fraud particularly in the grants and benefits area;
 - Expansion of electronic ways of working and "E-Governance";
 - Increased activity by organised criminals who see public sector organisations as an easy target;
 - The economic situation and financial pressures on individuals (including employees).
- 7.3 Risk assessments will be conducted on a service by service basis. This Policy will be regularly amended in order to correspond the Council's needs to reduce the risk of fraud, corruption and other irregularities.

8.0 Training

- 8.1 Officers investigating allegations of fraud and corruption must possess good knowledge of relevant legislation such as the Fraud Act 2006, Theft Act 1968, Theft Act 1978, PACE 1984, Employment Law, DPA 1998, RIPA 2000, the Council's investigation procedure etc.

9.0 Reasons for Recommendations

- 9.1 To ensure that the Council establishes sound and responsible anti-fraud and corruption controls and reporting arrangements designed to detect and prevent

irregularities as described in the domestic legislation governing this area of offences.

For further information:

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Background Documents:

None