

Southend-on-Sea Borough Council

Report of the Strategic Director (Finance and Resources)

to

Audit Committee

on

16 January 2019

Agenda
Item No.

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Fraud & Investigations

**Counter Fraud & Investigation Directorate: Update to Counter Fraud,
Bribery & Corruption policy and strategy and the Counter Money
Laundering policy & strategy**

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To update the Audit Committee on the revisions being made to the Counter Fraud, Bribery & Corruption policy and strategy and the Counter Money Laundering policy & strategy.

2. Recommendation

- 2.1 **The Audit Committee approves the revised Counter Fraud, Bribery & Corruption policy and strategy.**
- 2.2 **The Audit Committee approves the revised Counter Money Laundering policy & strategy.**

3. Policies and Strategies

- 3.1 The Counter Fraud, Bribery & Corruption policy and strategy is designed to advise council workers and suppliers on what fraud, bribery and corruption is, how to identify it and report it. This policy sets out what the council will do to make it the most difficult environment for fraud to occur and the responsibility on everyone in the council to find fraud and report it.
- 3.2 Money laundering is a serious crime and recognised as a 'critical enabler' for organised criminal gangs and terrorists to benefit and use for other criminality. Denying criminals the use of their ill-gotten gains disrupts criminality and can help law enforcement identify offenders. The Counter Money Laundering policy & strategy is designed to advise council workers and suppliers on what money laundering is, how to identify it and report it and sets out the action we will take to mitigate the risk that money could be laundered through our systems.
- 3.3 The policies have been updated to reflect changes in legislation, reporting methods and current best practice.

4. Corporate Implications

4.1 Contribution to Council's Aims and Priorities

4.1.1 Work undertaken to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities.

4.2 Financial Implications

4.2.1 Proactive fraud and corruption work acts as a deterrent against financial impropriety and might identify financial loss and loss of assets.

4.2.2 Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes.

4.2.3 Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.

4.3 Legal Implications

4.3.1 The Accounts and Audit Regulations 2015 Section 3 requires that:

'The relevant authority must ensure that it has a sound system of internal control which:

- *facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *ensures that the financial and operational management of the authority is effective*
- *includes effective arrangements for the management of risk.'*

4.3.2 The work of the Directorate contributes to the delivery of this.

4.4 People Implications

4.4.1 Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings, civil law and criminal prosecution
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

4.5 Property Implications

4.5.1 Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity. This action will benefit the authority by means of returning social housing stock to those in need or recovering the assets of those who seek to profit from their criminal behaviour.

4.6 Consultation: None

4.7 Equalities Impact Assessment: None

4.8 Risk Assessment

4.8.1 Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity.

4.8.2 Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

4.9 Value for Money

4.9.1 An effective counter fraud and investigation directorate should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

4.10 Community Safety Implications and Environmental Impact: None

5. Background Papers

None.

6. Appendices

- Appendix 1: Revised Counter Fraud, Bribery & Corruption Policy & Strategy
- Appendix 2: Revised Counter Money Laundering Policy & Strategy