

Committee: Standards and General Purposes Committee

Date: 9 September 2019

Agenda item:

Wards: All Wards

Subject: Anti-Fraud and Anti-Corruption Strategy review

Lead officer: Caroline Holland- Director of Corporate Services

Lead member: Chair of Standards and General Purposes Committee

Forward Plan reference number:

Contact officer: Margaret Culleton Head of Internal Audit

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Recommendation:

Approve the revised Anti-Fraud and Anti-Corruption Strategy

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The Anti-Fraud and Anti Corruption Strategy sets the council's approach to preventing, detecting, investigation and action against fraud and corruption, both internally and externally. We will:-

- Encourage prevention.
- Promote detection.
- Ensure effective investigation where suspected fraud or corruption has occurred.
- Take appropriate action against offenders

2. Details

2.1 The Strategy supports the Council's strategic objectives, it forms an important part of the Council's governance arrangements, and the detailed provisions are implemented via corporate and departmental management arrangements, structures, people and systems. Effective implementation will support achieving maximum benefits from Council's finances, help to concentrate both the Council's and its partners' on delivering services to those in genuine need, promote public confidence and reduce crime.

2.2 These arrangements are subject to continuing internal review and improvement.

3 The proposed Anti-Fraud and Anti-Corruption Strategy

- 3.1 This strategy has been updated to be aligned with the recently refreshed strategies for the councils in the audit and fraud partnership to ensure a consistent process for fraud referrals and prosecutions. The proposed Strategy is included as Appendix A to this report. The Strategy is designed to help maximise the application of approved resources to meet genuine service needs and to minimise irrecoverable losses. It should enhance public confidence and seeks to bring to justice those who commit acts of fraud or corruption against the Council.
- 3.2 Underpinning the Strategy there is a framework, toolkit of Policies and Procedures, including The Staff Disciplinary Code and Whistleblowing Policy, and these are reviewed on a regular basis to ensure that they support the Strategy and the Council's objectives.

4. Legislation

- 4.1 The major piece of legislation in relation to the Anti-Fraud and Anti-Corruption Strategy is the Fraud Act 2006 that came into force in January 2007. The Act states there is a general offence of fraud with three ways of committing it:

- (a) Fraud by false representation;
- (b) Fraud by failing to disclose information; and
- (c) Fraud by abuse of position

It also creates new offences of:

- (a) Obtaining services dishonestly;
- (b) Possessing, making and supplying articles for use in frauds, and
- (c) Fraudulent trading applicable to non-corporate traders

- 4.2 In addition, the Bribery Act 2010 updated and extended existing legislation against corruption which dated back to 1889. It created 4 new offences of:

- (a) Offences of bribing another person;
- (b) Offences relating to being bribed;
- (c) Bribery of a foreign official, and
- (d) Failure of commercial organisations to prevent bribery.

- 4.3 The Trading Standards Service are authorised to enforce the provisions of The Fraud Act 2006 as part of any investigations carried out by them, and will use that legislation in relation, for example, to rogue builders and those responsible for placing counterfeit goods on the market place, which has been a significant issue with regard to some of our indoor markets.

4.4 The South West London Fraud Partnership (SWLFP) provide resources to investigate any allegations of fraud and corruption and if the allegation is found to be correct appropriate action will be taken against the individual(s), following consultation with the relevant parties, i.e. Head of Internal Audit, Head of Human Resources, Legal Services, Section Head.

4.5 The Council's use of its specific powers under the Regulation of Investigatory Powers Act 2000 (RIPA) namely covert surveillance and acquisition of communications data is monitored by the IPCO. The Council's systems were last inspected in March 2017 and have been deemed fit for purpose and its authorisations of the use of its powers deemed to be lawful.

5. Publishing this strategy

5.1 The revised Strategy will be placed on the Council's website and intranet. Directors will make suitable arrangements for The Strategy to be discussed and reinforced at the regular team, section, service and directorate meetings that happen within departments.

6. Future reviews of the strategy

6.1 The Head of Internal Audit, in consultation with the Head of South West London Fraud Partnership, the Head of Human Resources, Legal Services (SLLP) and other relevant officers, will continue to review the Strategy on an ongoing basis, with formal reviews by the Standards and General Purposes Committee, including notification of any necessary changes arising from the ongoing review process.

7. Conclusion

7.1 The proposed Strategy provides a cohesive framework for minimising the Council's exposure to fraud and corruption and endorses the various mechanisms currently in place. The proposals for future reviews reflect the need to maintain the effectiveness of the Strategy over time and to maximise its impact via co-ordination with the review of relevant codes, policies and procedures.

8. Alternative options

8.1 None for the purposes of this report.

9 Consultation undertaken or proposed

9.1 The Head of Human Resources reports that they have been consulted on the review and revision of the Strategy, which, as indicated has important links with the Codes of Conduct for Members and for Employees, the Whistleblowing Policy and the Employees' Disciplinary Code

10 Timetable

10.1. None for the purposes of this report.

11 Financial, resource and property implications

11.1 None

12 Legal and statutory implications

12.1 This report sets out Fraud Act 2006, Bribery Act 2010 and Regulation of Investigatory Powers Act 2000 (RIPA)

13. Human rights, equalities and community cohesion implications

13.1 Human Rights implications are considered in the conduct of all investigations. For example if directed surveillance is felt necessary this will be carried out in accordance with the Regulation of Investigatory Powers Act 2000.

13.2 Investigations will take into consideration Equality and Diversity implications. Investigations may reveal weaknesses in financial management and other monitoring systems, e.g. ethnic monitoring. Ensuring action is then taken in respect of these weaknesses plays a role in ensuring that Council Resources are used to enable fair access to quality services.

14 Risk management and health and safety implications

14.1 Each allegation is considered on a risk basis as to the amount of resources that should be employed in the investigation.

14.2. Some allegations involve Health and Safety matters and these are referred to the appropriate Council Section for investigation

Appendices – the following documents are to be published with this report and form part of the report

- Appendix A – Anti fraud and Anti-Corruption policy