

**Subject:** Counter Fraud Strategy Update 2012  
**Date of Meeting:** 14<sup>th</sup> June 2012  
**Report of:** Director of Finance  
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**Wards Affected:** All

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report presents the Council's updated draft Counter Fraud Strategy, which has been revised in response to recent national developments including the Local Government Fraud Strategy, "Fighting Fraud Locally" and the implications of the Bribery Act.
- 1.2 The updated Counter Fraud Strategy is included at Appendix 1 and was last updated in March 2009, being approved by the Governance Committee.
- 1.3 The Audit Committee has a responsibility for ensuring the Council has in place effective counter fraud arrangements. This report and draft counter fraud strategy, was considered and noted by the Audit Committee at its meeting on the 24<sup>th</sup> April. It further recommended approval by the relevant committee under the new system of Council governance.

**2. RECOMMENDATION:**

- 2.1 That the Policy and Resources Committee approves the Council's updated Counter Fraud Strategy at Appendix 1

**3. BACKGROUND**

- 3.1 There is an increased expectation by Government that local authorities will do more to assist the fight against fraud. The Government estimates that fraud costs public services £21 billion per annum. Through a Cabinet Office Counter Fraud Taskforce, chaired by Francis Maude MP, and a national cross sector strategy, entitled "Fighting Fraud Together", the Government has indicated how seriously it considers the threat of fraud in the public sector and is taking a number of actions.
- 3.2 The National Fraud Authority (NFA) estimates that fraud currently costs local government around £2.1 billion per annum.

- 3.3 The current UK economic climate and reduced local government spending has led to an increased risk of fraud.
- 3.4 Additionally, there has been a number of other high profile reports issued which support the work of the NFA and highlight the increasing importance of effective counter fraud arrangements. These include:
- Protecting the Public Purse 2011 (Audit Commission)
  - Eliminating Fraud in the Public Sector (Counter Fraud Taskforce)
- 3.5 The Counter Fraud Strategy is supported by the Annual Counter Fraud Programme included in the Annual Internal Audit Plan for each year.
- 3.6 The Counter Fraud Strategy will be communicated to the public via the Council's Website and to employees and Members via the Wave (the Council's Intranet) and fraud awareness training.

#### **4. THE COUNCIL'S COUNTER FRAUD APPROACH**

- 4.1 In response to the above developments, the Council's Counter Fraud Strategy has been reviewed and assessed against "Fighting Fraud Locally" and other recommendations made in reports referred to above.
- 4.2 The Council's Counter Fraud Strategy was last updated in March 2009, having been approved by the Governance Committee. The main difference this revision is that it is based around the three key strands of the Fighting Fraud Locally Strategy which are: Acknowledge, Prevent and Pursue and includes actions to be undertaken by the Council. It also includes the Council's response to the Bribery Act 2010 as part of required "appropriate measures".
- 4.3 Fraud and corruption are increasing across all sectors and accordingly the updated Strategy will strengthen the Council's counter fraud arrangements and response.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### 5.1 Financial Implications:

There are no direct financial implications arising from this report. A robust Counter Fraud Strategy is an essential part of the Council's counter fraud framework and clearly assists in minimising potential or actual financial losses attributable to fraud and corruption,.

*Finance Officer Consulted: Anne Silley  
Head of Business Engagement*

*2nd April 2012*

##### 5.2 Legal Implications:

The draft strategy is consistent with the law and best practice. There are no adverse Human Rights implications arising from the report.

There are no direct legal implications arising from this report but individual actions in the Strategy may require legal support and advice.

*Lawyer Consulted: Sarita Arthur-Crow*

*11<sup>th</sup> April 2012*

**5.3 Equalities Implications:**

There are no equalities implications arising directly from this report.

**5.4 Sustainability Implications:**

There are no substantiality implications arising directly from this report.

**5.5 Crime & Disorder Implications:**

Fraud is a crime and can lead to financial loss and reputational loss to the Council..

**5.6 Risk and Opportunity Management Implications:**

The Risk and Opportunity approach by the Council considers the risk of fraud and corruption.

**5.7 Corporate / Citywide Implications:**

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Draft Counter Fraud Strategy 2012

### **Background Documents**

1. Local Government Fraud Strategy, "Fighting Fraud Locally" 2012
2. Internal Audit Strategy and Annual Audit Plan 2012/13
3. Protecting the Public Purse (Audit Commission) 2011
4. The Bribery Act 2010

