

Audit and Governance Committee

4 October 2006

Report of the Assistant Director (Audit and Risk Management)

The Role of the Audit & Governance Committee in Monitoring the Implementation of the Fraud and Corruption Prosecution Policy

Summary

- 1 The purpose of the report is to advise Members of the role of this Committee in monitoring the implementation of the Council's Fraud and Corruption Prosecution Policy.

Background

- 2 The Council has a duty to protect public money and to ensure that its resources are not put at risk from potential fraud and corruption. The Council's counter fraud arrangements include a Fraud and Corruption Response Plan and a Prosecution Policy. The Financial Regulations set out the responsibilities on all staff and Members to inform the Chief Internal Auditor (CIA) if they suspect or know of any impropriety, financial irregularity, fraud or corrupt practice. The CIA will determine the scope and nature of any subsequent investigation and may refer matters to the Police or other external body where appropriate. The Prosecution Policy covers all acts of fraud or corruption which have caused financial loss to the Council, or would have done so had the fraud been successful. The Policy sets out the circumstances when the Council will take legal action against the perpetrators of fraud or corruption. The Policy also sets out the circumstances when it is appropriate to offer a formal sanction as an alternative to prosecution in respect of benefit related fraud.
- 3 Under the Council's Constitution responsibility for the approval of the Counter Fraud Prosecution Policy and Strategy rests with the Executive Member for Corporate Services. The Audit and Governance Committee has delegated responsibility for monitoring the implementation of the anti-fraud and corruption strategy of which the Prosecution Policy forms an important element.
- 4 A revised Prosecution Policy was approved by the Executive Member for Corporate Services on 12 September 2006. The previous policy had been in place for a number of years and needed to be updated to reflect;

- a) the Council's new Constitution and the Officer Scheme of Delegation;
- b) changes in relevant legislation;
- c) changes in roles and responsibilities within the Audit and Risk Management Division;
- d) changes in the subsidy rules for housing benefits which have ended the system of financial rewards for prosecutions and sanctions;
- e) recent changes in the Department for Work and Pensions' own prosecution and sanctions policy.

A copy of the revised Policy is attached as Annex A. The Policy is effective from 1 October 2006.

Monitoring Arrangements

- 5 The monitoring role that the Committee can fulfil is important in ensuring that the policy;
 - a) is being fully adhered to when decisions are taken to prosecute the perpetrators of fraud or corruption;
 - b) continues to comply with relevant legislation and best practice;
 - c) remains effective particularly in acting as a deterrent against future acts of fraud or corruption;
- 6 It is proposed that details of the decisions taken under the Policy, together with the outcomes (where these are known) will be reported twice a year to this Committee as part of the Fraud mid-term monitor (January) and the Annual Report of the Chief Internal Auditor (June). The report will provide summary details of each case to enable Members to properly consider and comment on the decisions made.

Consultation

- 7 Not relevant for the purpose of the report.

Options

- 8 Not relevant for the purpose of the report.

Analysis

- 9 Not relevant for the purpose of the report.

Corporate Priorities

- 10 This report contributes to the corporate priority of improving efficiency and reducing waste so as to free up more resources. The report also contributes to the overall effectiveness of the Council's internal

management & assurance arrangements by helping to achieve the following corporate objectives;

- Ensure probity, integrity and honesty in everything we do (Objective 8.3).
- Improve the forward planning, openness, propriety, speed and effectiveness of decision-making (Objective 8.4).

Implications

11 The implications are;

- **Financial** – there are no financial implications to this report.
- **Human Resources (HR)** – there are no HR implications to this report.
- **Equalities** - there are no equalities implications to this report.
- **Legal** - there are no legal implications to this report.
- **Crime and Disorder** – adoption of the action plan would help to reduce the risk of crime.
- **Information Technology (IT)** - there are no IT implications to this report.
- **Property** - there are no property implications to this report.

Risk Management Assessment

12 Without ongoing monitoring of the application of the Prosecution Policy there is a risk that decision making is applied incorrectly and/or inconsistently. The policy may also cease to be effective.

Recommendation

13 Members are asked to;

- note and approve the proposed monitoring arrangements for the Prosecution Policy;

Reason

To ensure that the Prosecution Policy remains effective and is adhered to.

Contact Details

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Report Approved



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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

Fraud and Corruption Response Plan

Annexes

Annex A - the Council's revised Fraud and Corruption Prosecution Policy (as approved by the Executive Member for Corporate Services).