

Anti-Fraud and Corruption Review

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Executive Member: Cllr Liz Leyshon Deputy Leader and Lead Member for Finance and Performance

Division and Local Member: All

1. Summary

- 1.1. This report is to introduce the review of policies that was undertaken as part of the preparation for Local Government Reorganisation in Somerset aimed at the prevention, detection and reporting of fraud and corruption. This is in accordance with our Financial Regulations and acknowledged best practice.
- 1.2. Anti-fraud and corruption work forms an important part of our corporate governance and internal control framework. With assistance from trained SWAP staff, the council compares systems and processes against typical fraud target areas for fraud, and against national trends and guidance.
- 1.3. The new Council has a sound framework in place, although more could be done to raise awareness and clear the reporting lines.
- 1.4. The Council has an established suite of Anti-Fraud and Corruption Policies covering; Anti-Fraud, Anti-Bribery, Anti-Tax Evasion and Money Laundering, all are subject to regular approval by this Committee. The policies set out what actions the Council proposes to take over the medium-term future to continue to develop its resilience to fraud, corruption and other financial irregularity. It also covers the key responsibilities with regard to fraud prevention, what to do if fraud or financial irregularity is suspected and the action that will be taken by management.

2. Issues for consideration / recommendations

- 2.1. The Committee is asked to confirm the updated Anti-Fraud and Corruption (**Appendix A**), the Anti-Bribery (**Appendix B**), the Anti-tax evasion policy (**Appendix C**) and the Anti-Money Laundering policies (**Appendix D**).
- 2.2. The committee is asked to approve delegated authority to the Service Director - Finance and Procurement for updating the policies with any changes to job titles or reporting lines.

3. Background

3.1. Fraud prevention is high on the national agenda with a sustained level of instances being reported. Many organisations now provide guidance / information about combatting public sector fraud.

3.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) has a large role to guide counter fraud work in the public sector, with a dedicated Counter Fraud Centre, and it's published "Code of practice on managing the risk of fraud and corruption".

3.3. Policies update

As part of a review of the new Council's anti-fraud and corruption measures, a refresh has been carried out of our Anti-Fraud and Corruption Policy (**Appendix A**), the Anti- bribery (**Appendix B**), the Anti-tax evasion policy (**Appendix C**), and Anti-money laundering (**Appendix D**). The updates mainly focus on the new authority's structure. The Key change is the role of Money Laundering Reporting Officer (MLRO), which is a specifically set out one to support the legislation in the event of any such case arising. The Money Laundering Reporting Officer (MLRO) is the Service Director – Finance and Procurement. It will be for the MLRO to ensure the appropriate investigate of any Money Laundering allegations and to liaise with the Police.

Fraud remains a clearly stated example of gross misconduct within the relevant HR policies.

4. Consultations undertaken

4.1. All policies were reviewed in conjunction with the S151 Officer and SWAP

5. Implications

5.1. Measures contained within this report will be used to protect Somerset Council from fraud in the forthcoming year.

6. Background papers

6.1. None

Note For sight of individual background papers please contact the report author