

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

23 July 2018

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 A COUCILLOR'S WORKBOOK ON BRIBERY AND FRAUD PREVENTION

A report informing Members of the Local Government Association's workbook on Bribery and Fraud Prevention including the role of Audit Committees in anti-fraud and corruption activity.

1.1 Introduction

- 1.1.1 As Members are aware, the fraud and corruption risk facing local government is a real one, with the Local Government Association estimating a loss of £2.1bn a year. Internal Audit deliver a Counter Fraud plan each year to target limited resources at preventing and detecting fraud and corruption. At Tonbridge and Malling the amount of detected fraud and error during 2017/18 within Revenues and Benefits was £97,042.89 with an increase in liability totalling £68,788.17.
- 1.1.2 Members play an important role in ensuring that there is sufficient support and challenge across the council in tackling fraud and error and a 'tone at the top' of zero tolerance to fraud committed against the Council.
- 1.1.3 While it is important the all Members have an awareness of the risks in relation to bribery and fraud the Audit Committee has a specific role in its Terms of Reference to 'monitor ... the anti-fraud and anti-corruption strategy...' and for the 'Effectiveness of the control environment including arrangements for ... countering fraud.' As such the Local Government Association's workbook on Bribery and Fraud Prevention [**Annex 1**] is considered to be a valuable source of information to support Members of this Committee in discharging their role and Members may also wish to consider how it could be used further, for example to increase awareness of fraud risks across the Council.

1.2 Summary of the workbook

- 1.2.1 The workbook provides useful information to aid Members to understand and assess:
- Fraud from a local authority perspective

- The Council's and Councillors' responsibilities in relation to fraud prevention and detection
- The Fraud response
- Fraud Risk Management
- Assurance that fraud arrangements are effective

1.2.2 The workbook also provides guidance, case studies and links to further information as well as a number of exercises that Members can complete to assess their understanding of fraud risk and what actions are needed to prevent and detect fraud at a strategic level. In addition, a self-assessment tool for Members to consider how innovative the Council is in tackling fraud and corruption can be found at pages 16 to 17. Members should consider the value of completing such exercises but in particular are encouraged to consider Section 5 which specifically addresses the role of Audit Committees in relation to anti-fraud and corruption activity.

1.3 Legal Implications

1.3.1 The Council has a legal duty under s151 of Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud. The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

1.4 Financial and Value for Money Considerations

1.4.1 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

1.5 Risk Assessment

1.5.1 Failing to have an efficient and effective approach to countering fraud and corruption could lead to an increased level of fraud and financial loss. This report provides a key source of information to Members to assist them in establishing assurance on the adequacy and effectiveness of the Council's counter fraud arrangements.

Background papers:

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Nil

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