TITLE: Anti-Fraud and Corruption Strategy

Committee: Audit Committee

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1.0 Issue

1.1. Part 4, Section 7 of the Council's Constitution details the Council's Anti-Fraud and Corruption Strategy. This section of the Constitution was last updated in 2022 and is in need of review and update. The review also needs to be conducted in light of the new offence of 'failure to prevent fraud' established through the Economic Crime and Corporate Transparency Act 2023.

2.0 Recommendations

2.1. The Committee is asked to recommend to Full Council the adoption of the updated Anti-Fraud and Corruption Strategy as attached as appendix 1 to this report.

3.0 Background/Options

3.1. As part of the Constitution, the Anti-Fraud and Corruption Strategy needs to be approved for adoption by Full Council. However, it is felt appropriate to first bring it to this Committee to ensure that a full review takes place of the new content before being presented to Council.

3.2. The current Strategy was approved by Full Council on 21st February 2023.

3.3. A new offence of 'failure to prevent fraud' was established through the Economic Crime and Corporate Transparency Act 2023 and came into effect from September 2025. The Act mandates that corporate entities must implement adequate measures to prevent fraudulent activity within their operations. As a result of the provisions of the Act, organisations can be held criminally liable if their employees, subsidiaries, agents or other persons associated with them commit a fraud intending to benefit the organisation, and the organisation did not have reasonable fraud prevention procedures in place.

3.4. This new legislation places the onus on organisations, such as the Council, to demonstrate that they have taken reasonable steps to prevent fraud, which includes implementing robust anti-fraud policies, conducting regular risk assessments, and ensuring proper staff training. Organisations which can demonstrate that they had 'reasonable procedures' in place to prevent fraud will be able to use this as a defence.

4.0 Arguments/Conclusions

4.1. The Anti-Fraud and Corruption Strategy has been reviewed and updated. Amended sections are shown in ***bold italics***. These relate to:

- Definition of fraud – now based on Fraud Act 2006 rather than Audit Commission definition (para 1.6);
- Added section around the Economic Crime and Corporate Transparency Act 2023 (para 1.8);
- Added action plan (para 7.4); and
- Appendix B to reflect the latest legislation on money laundering.

4.2. In order to comply with the Economic Crime and Corporate Transparency Act, organisations must prove they have taken reasonable steps to prevent fraud. This allows them to use the defence of having 'reasonable procedures' in place. The legislation outlines six principles of reasonable prevention that organisations should implement, to demonstrate they are adequately addressing the risk of fraud. The six principles are:

Principle 1: Top level commitment

4.3. Responsibility for the prevention and detection of fraud rests with those charged with the governance of the organisation, who are expected to foster a culture where fraud is unacceptable. This is evidenced by the Council through:

- An Anti-Fraud and Corruption Strategy which sets out a zero tolerance commitment to all forms of fraud, bribery, and corruption. The strategy applies to councillors, employees, contractors/suppliers, partners, consultants, agency and contracted staff, service users, volunteers and members of the public. All are expected to demonstrate integrity and honesty.
- The Council has a comprehensive fraud prevention policy framework in place, including the Anti-Fraud and Corruption Strategy, Bribery Act 2010 policy statement, Anti-Money Laundering Policy statement, and Whistleblowing Policy. Collectively these policies establish clear roles and responsibilities for the prevention, detection, reporting and investigation of suspected fraudulent activity.
- Members of Corporate Management Team are key contacts under the Council's Whistleblowing Policy and foster an open culture, where staff feel empowered to speak up if they encounter fraudulent practices. Corporate Management Team and Service Leads also have the responsibility to ensure that effective systems of control are in place corporately and within their directorate to prevent and detect fraud, and that those systems operate properly. Corporate Management Team and Service Leads submit an annual assurance statement, to inform the Council's Annual Governance Statement.

Principle 2: Risk assessment

4.4. The organisation must assess the nature and extent of its exposure to the risk of employees, agents and other associated persons committing fraud in scope of the offence. The risk assessment should be dynamic, documented and kept under regular review. This is evidenced by the Council through:

- A risk management policy and framework with a clear risk assessment and monitoring process for all risks. The risk of "Failure of corporate governance and counter fraud and corruption controls" is captured and monitored as part of the Corporate Risk Register. The risk is regularly reviewed and updated as part of ongoing risk management processes.
- The Internal Audit team conduct assessments of the risk of fraud, bribery, theft or corruption when drafting each Assignment Planning Record, requiring the service leads to highlight any known risks and associated controls.

This is acknowledged as an area where activity could be extended through a dedicated fraud risk assessment. As such, an action has been included in the Anti-Fraud and Corruption Strategy.

Principle 3: Proportionate risk-based prevention procedures

4.5. Under the legislation, an organisation's procedures to prevent fraud by persons associated with it need to be proportionate to the fraud risks it faces and to the nature, scale and complexity of the organisation's activities. They also need to be clear, practical, accessible, effectively implemented and enforced. This is evidenced by the Council through:

- The Anti-Fraud and Corruption Strategy setting out clear roles and responsibilities for fraud prevention, deterrence, detection and investigation.
- Key financial and procurement policies such as the Financial Procedure Rules and Contract Procedure Rules which set out controls to prevent fraud within the Council's financial systems and processes, including purchasing and contracting.
- Individual systems and services with risk-based prevention procedures in place. This includes, for example, the separation of duties and access controls in key financial systems and functions as well as the Council's recruitment and management processes which aim to establish the integrity of employees.
- The Anglia Revenues Partnership (ARP) Fraud and Investigations Team is responsible for all suspected council tax discount fraud and NNDR fraud investigations, in accordance with the requirements of The Regulation of Investigatory Powers Act 2000, the Human Rights Act 1998 and its own Counter Fraud Policy.
- Established processes for Declarations of Interest, Related Parties Declarations, the Gifts and Hospitality process and the Members Register of Interests reduce the risk of conflicts of interest arising.

- Independent external audit is an essential safeguard in the stewardship of public money. Whilst detection of fraud is not the primary role of external audit they have a responsibility to review the Council's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

- The Council takes an active part in the National Fraud Initiative (NFI) as organised by the Cabinet Office. This involves a rolling programme of electronic data extraction, data matching, review and investigation of matched reports and reporting on outcomes. The extracted data is matched with other data from public sector organisations to highlight potential fraudulent activity.

Principle 4: Due diligence

4.6. Organisations should apply due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified fraud risks. This is evidenced by the Council through:

- The Constitution sets out processes for proportionate due diligence in procuring contracts. This includes seeking key information from successful bidders, such as insurance certificates, policies, accreditations and DBS checks (where relevant).

- Checklists are applied for proportionate due diligence on grant payments.

Principle 5: Communication

4.7. Organisations should seek to ensure that their fraud prevention policies and procedures are communicated, embedded and understood throughout the organisation, through internal and external communication. The Council evidences this through:

- Publishing of the Anti-Fraud and Corruption Strategy within the Constitution, available on the Council's external website.

- Ensuring access to key policies, such as the Whistleblowing policy, for staff on the intranet.

- Annual fraud awareness promotional activity, internally and externally, to raise awareness of the Council's zero tolerance and policy coverage.

Principle 6: Monitoring and review

4.8. Ongoing monitoring and review processes should be in place to ensure the effectiveness of anti-fraud measures, adapt to new risks, and improve arrangements. The Council evidences this through:

- The regular review and update of key policies and reporting on this to the Audit Committee.

- Regular review of the Corporate Risk Register.

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No
Equality Impact Assessment (EIA)	**Carbon Impact Assessment (CIA)**	**Data Protection Impact Assessment (DPIA)**
No	No	No

6.0 Appendices

Appendix 1: Anti-Fraud and Corruption Strategy

7.0 Background documents

None