

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	22 February 2018
REPORT TITLE	Fraud, Bribery & Corruption Policy
REPORT NUMBER	CG/17/154
CG LEAD OFFICER	Steve Whyte, Head of Finance
REPORT AUTHOR	Brian Muldoon

1. PURPOSE OF REPORT:-

To request the committee approve an amended and updated Fraud, Bribery and Corruption policy.

2. RECOMMENDATION(S)

It is recommended that the Committee:

i) Approve the updated Fraud, Bribery & Corruption Policy as appended to this report.

3. BACKGROUND/MAIN ISSUES

- 3.1 Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all citizens including those that need them the most. Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.
- 3.2 Creating an anti-fraud culture is part of good governance and should start with a clear commitment to tackling fraud and corruption led by the Council's Management Team and Elected Members. Zero tolerance to fraud ideally forms part of an organisation's 'ethical mission statement' or strategy document, reinforcing expected standards in public service
- 3.3 On 15 September 2015 the Finance, Resources and Policy committee approved the first Strategic Response to Fraud, Bribery and Corruption policy.
- 3.4 Responsibility for ensuring compliance with the policy rests with services as the council is self-regulating in respect of its counter fraud activities. Service may refer suspected cases to the Corporate Investigation Team who can either offer advice or take ownership of the investigation.
- 3.5 This policy has been updated to include:
- Good practices identified by the Corporate Investigation Team
 - Updated links to other Council Policies

- Address risks identified in the Fraud, Bribery & Corruption risk register
- Authority for CIT officers to access and obtain information
- Joint working with other Local Authorities, Police Scotland and other Government Departments.

By approving this policy, we will continue to provide a proportionate and measured response to allegations of fraud, bribery and corruption. All reported allegations will be reviewed irrespective of the source of the information e.g. confidential reporting hotline, proactive data analysis, employees, elected members etc.

- 3.6 This policy will allow the council to continue to integrate with our partner organisations such as police Scotland, Department for Work and Pensions and our counterparts in other local authorities.
- 3.7 In addition to criminal action we will take civil proceedings to recover losses to the council. This recovery will act as a deterrent and sends a clear message for anyone contemplating fraud that they will not benefit from their act.
- 3.8 As the Council progresses with moving more services on line this policy will allow the Corporate Investigation Team to work with services to ensure that terms and conditions for receiving a council service encompass the correct wording to allow sanctions action to be taken in the event the person(s) fail to adhere to the rules.

4. FINANCIAL IMPLICATIONS

- 4.1 Acts of fraud, bribery and corruption are by their nature covert activities and cannot be accurately measured. In addition, no crime has a 100% detection rate which further compounds our ability to accurately measure the costs of frauds.
- 4.2 The University of Portsmouth's Centre for Counter Fraud Studies estimates that losses to fraud within the public sector are £37.5 billion per year.
- 4.3 The investigation of acts of fraud, bribery and corruption take place after the losses have been reported – after resources have been diverted from where they were intended and after the financial damage has occurred.

The long-term costs associated with investigations, reviewing internal controls and adopting recommendations from investigations are difficult to quantify. This should not however stop the Council from investigating allegations of abuse against public resources.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 Financial

A fraud response plan forms part of the policy and is designed to manage risks. It emphasizes measures to effectively prevent, detect, report and investigate fraud. The policy is integrated into the Council's overall risk management plan.

6.2 Employee

This policy provides employees with detailed information on how to report incidents of fraud, bribery and corruption and what they can expect from the Council in response.

6.3 Customer / citizen

Having a Fraud, Bribery and Corruption policy in place demonstrates the Council's proper stewardship and accountability of the public funds with which it is entrusted.

6.4 Environmental, Technological and Legal

Consideration has also been given to Environmental, Technological and Legal, and no risks were identified.

6.5 Reputational

There is a risk of reputational damage to the Council if we do not have a policy to demonstrate that we are addressing the issues of Fraud, Bribery & Corruption.

7. IMPACT SECTION

7.1 Economy – The proposals in this report are designed to minimise the risk of public resources being the subject of fraud, bribery or corruption. Any losses impact on the Council's ability to provide services to local communities.

7.2 People – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.

7.3 Place – This policy supports the Councils' Local Transport Strategy (2016-2021) which states

It is recognised that misuse of blue badges is relatively commonplace and initial assessments in Aberdeen demonstrates that this is an issue that requires action. Blue badge fraud has various negative implications: causing unnecessary congestion and denying disabled people from accessible parking. This LTS supports the continuation of the investigation service to reduce fraudulent use of Blue Badges.

7.4 Technology – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

8. BACKGROUND PAPERS

Cross-Government Fraud Landscape Annual Report.

Available at: <https://www.gov.uk/government/publications/cross-government-fraud-landscape-annual-report-2017>

Fraud Landscape Review

Available at: <https://www.nao.org.uk/report/fraud-landscape-review/>

Aberdeen City Council Local Transport Strategy

Available at: <https://www.aberdeencity.gov.uk/sites/aberdeen-cms/files/Local%20Transport%20Strategy%20%282016-2021%29.pdf>

9. APPENDICES (if applicable)

Appendix 1 Fraud, Bribery & Corruption Policy

10. REPORT AUTHOR DETAILS

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