

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

7 FEBRUARY 2023

COUNTER FRAUD POLICIES

Report of the Corporate Director - Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1 This report seeks member approval for a number of counter fraud policies required for the new North Yorkshire Council.

2.0 BACKGROUND

- 2.1 Fraud is a serious risk to the public sector in the UK. When fraud is committed against the public sector, resources are diverted from important services into the hands of criminals. In addition, fraudsters are constantly refining their tactics and techniques in order to circumvent the checks and controls put in place to prevent fraud from occurring. In order to protect resources, local authorities must therefore continuously review and update their counter fraud arrangements to meet these evolving threats. This includes having appropriate counter fraud policies in place.

3.0 COUNTER FRAUD POLICIES

- 3.1 As a unitary authority, North Yorkshire Council will be responsible for counter fraud arrangements across a number of new service areas, including business rates, council tax, benefits and housing. The total value of fraud risk facing the Council will therefore be significantly higher than for the County Council. It is therefore important that the Council has appropriate policies in place on vesting day in order to effectively address the increased risks of fraud.
- 3.2 The draft Counter Fraud and Corruption Policy is attached at **appendix 1**. The policy sets out how suspected fraud should be reported, investigated, and what sanctions can be applied when fraud is found, including prosecution. The policy also contains an Anti-Bribery policy to protect the Council from fraud occurring within the organisation.
- 3.3 The draft Whistleblowing Policy is attached at **appendix 2**. The policy sets out a process for people working for the Council to report concerns that are in the public interest. It is important that employees and contractors feel comfortable to report concerns and are aware of the protections in law which apply to people who 'blow the whistle'. It is equally important that managers are aware of what to do when a member of staff reports a concern. The policy therefore contains an appendix which provides a procedure for managers to follow in such circumstances.

- 3.4 The draft Anti-Money Laundering and Terrorist Financing Policy is attached at **appendix 3**. The purpose of the policy is to protect the Council from criminals who try to 'launder' assets obtained through crime and make them appear legitimate. The Council has a legal obligation to report suspicions of money laundering to the National Crime Agency and when undertaking certain types of activity to follow the money laundering regulations.
- 3.5 The draft policies support the Council's wider framework of governance and control, and have been considered and agreed by the Audit Committee. The policies contain references to certain posts, other related policies, and service areas which are yet to be confirmed. The references have been highlighted and will be confirmed ahead of vesting date.
- 3.6 Further fraud related work is required ahead of vesting day. A draft Counter Fraud Strategy and Fraud Risk Assessment will be presented to the Audit Committee in March 2023, along with the annual counter fraud work programme. Awareness raising and training for staff in all of the North Yorkshire councils will also continue up to vesting day to help ensure fraud risks are mitigated.

4.0 CONCLUSION

- 4.1 To mitigate financial risks, it is important that the Council maintains a framework of measures to help prevent, detect and respond to fraud. These measures include relevant counter fraud strategies and policies.

5.0 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications although the threat of fraud represents an ongoing risk to the Council's resources and reputation.

6.0 LEGAL IMPLICATIONS

- 6.1 There are no legal implications.

7.0 RISK MANAGEMENT IMPLICATIONS

- 7.1 As noted in the report, the establishment of robust counter fraud measures, including relevant policies helps to mitigate the risks of fraud and corruption.

8.0 CLIMATE CHANGE IMPLICATIONS

- 8.1 There are no climate change implications.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There are no equalities implications.

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 Counter fraud and corruption policies are required to be in place from vesting day.

11.0 RECOMMENDATION

- 11.1 That the Executive approves the draft counter fraud and corruption, whistleblowing and anti-money laundering and terrorist financing policies, and recommends them for approval by the County Council at its meeting on 22 February 2023.

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24 January 2023