

| | |
|----------------------|---|
| Report of: | Head of Internal Audit, Veritau |
| Submitted to: | Corporate Affairs and Audit Committee, 17 December 2020 |
| Subject: | Counter Fraud Policy Update |

Summary

| Proposed decision(s) |
|--|
| <p>That the committee notes:</p> <ul style="list-style-type: none"> • the updated whistleblowing policy & procedure • the updated anti money laundering policy |

| Report for: | Key decision: | Confidential: |
|--------------------|----------------------|----------------------|
| Information | No | No |

| Contribution to delivery of the 2020-23 Strategic Plan | | |
|---|--|--|
| People | Place | Business |
| The prevention and detection of fraud as well as the recovery of losses helps the Council to ensure the effective use of public funds for the benefit of residents and to achieve its strategic goals. Up to date policies make it easier for members of staff to report their concerns through the correct channels. | The Council aims to make considerable investment in homes, cultural assets, and the town centre. If members of staff have concerns that come under whistleblowing or relate to money laundering then it is important for the Council to take action quickly and effectively. | The Council wants to deliver balanced budgets, maintain front line services, and address budget shortfalls. Money lost due to fraud affects the Council's ability to do this. Having up to date policies and reporting lines is important when asking members of staff to report concerns. |

| Ward(s) affected |
|-------------------------|
| None. |

What is the purpose of this report?

1. The purpose of this report is to alert the committee of changes to two policies that form part of the Council's counter fraud framework – the whistleblowing policy and the anti-money laundering policy.

Why does this report require a Member decision?

2. The Corporate Affairs and Audit Committee has a responsibility under the Council's constitution to keep under review relevant Council policies.
3. All staff are required to report any concerns of potential fraud or money laundering internally through the proper channels.

Report Background

4. The Council has obligations under legislation to take action when concerns relating to fraud or money laundering are raised. The action taken should be both considered and timely. If action is delayed or does not take place then the Council can suffer financial and reputational damage.

Whistleblowing Policy

5. The Council's whistleblowing policy & procedure was last updated in 2017 and was scheduled to be reviewed in December 2020. There have been no changes to legislation since 2017 that necessitate an alteration of the policy, however guidance around best practice has been considered¹. The 2017 policy included members of staff from the Tees Valley Audit & Assurance Service (TVAAS) in reporting lines as well as a telephone hotline operated by TVAAS where members of staff could leave messages. TVAAS and the hotline are no longer operational. Veritau has taken over responsibility for the provision of audit and counter fraud services, which include the provision a new whistleblowing hotline.
6. Working with the Council's communications team Veritau will publicise the new whistleblowing arrangements within the Council.

Anti-Money Laundering Policy

7. The Council's Anti-Money Laundering was last reviewed and updated in 2018. There have been no changes to legislation nor government guidance, however there have been changes to key personnel. The Council's named Money Laundering Reporting Officer (MLRO) and the TVAAS Audit & Assurance Manager, who was a named deputy MLRO in the policy, are no longer working at the Council. The policy has been updated to reflect the members of staff who are now undertaking these roles.

¹ Guidance for Employers & Code of Practice (Department for Business Innovation & Skills, March 2015) and the National Audit Office's Assessment Criteria for Whistleblowing Policies (January 2014).

What decision(s) are being asked for?

8. That the committee notes:

- the updated Whistleblowing Policy & Procedure
- the updated Anti Money Laundering Policy

Why is this being recommended?

9. An up to date counter fraud framework enables the Council to meet its legislative duties as well as encouraging an effective counter fraud culture within the organisation.

Other potential decisions and why these have not been recommended?

10. This report is for information. There are no other options available.

Impact(s) of recommended decision(s)

11. There are no implications to this report in relation to:

- *Legal*
- *Financial*
- *Policy Framework*
- *Equality and Diversity*

Risk

12. The Council will fail to comply with best practice for counter fraud work if Members are not regularly updated on counter fraud policy and risk.

Actions to be taken to implement the decision(s)

13. Any requests for additional assurance or clarification by Members of the committee will be responded to accordingly.

Appendices

Appendix 1 – Whistleblowing Policy & Procedure – December 2020

Appendix 2 – Anti-Money Laundering Policy – December 2020

Background papers

None

Contact: Max Thomas
Email: max.thomas@veritau.co.uk

Contact: Jonathan Dodsworth
Email: jonathan.dodsworth@veritau.co.uk

Contact: Daniel Clubb
Email: daniel.clubb@veritau.co.uk