

Report to Regulation, Audit and Accounts Committee

July 2023

Anti-Fraud and Corruption Strategy & Anti-Money Laundering Policy

Director of Finance and Support Services

Recommendations

The Committee is asked to:

- (1) Approve the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy.
 - (2) Note that the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy will be reviewed in 2026.
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Proposal

1 Introduction

- 1.1 West Sussex County Council is one of the largest organisations in the county, with assets, interests and annual transactions running into £ billions.
- 1.2 The County Council is committed to the highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets along with the prevention of fraud and the promotion of an anti-fraud culture. The Council has a zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. In support of this the Council has an Anti-Fraud and Corruption Strategy.
- 1.3 The County Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially for the reporting of actual or suspected cases. In support of this, the Council has an Anti-Money Laundering Policy.
- 1.4 Both the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy were last reviewed in 2016.

2 Review of policies

- 2.1 Both policies have been comprehensively updated and the key changes include:

Anti-Fraud and Corruption Strategy

- Taking on board an Internal Audit recommendation, the Policy Statement is now shown as a separate section within the strategy
- The introduction and definitions have been reworded to reflect best practice with other local authorities
- The role of the Southern Internal Audit Partnership and the Counter Fraud Unit have been clarified

Anti-Money Laundering Policy

- The Money Laundering Reporting Officer has been amended from the Head of Internal Audit to an officer directly employed by the County Council
- Taking on board an Internal Audit recommendation, the policy has been separated from the procedures
- The procedures now include practical examples of potential areas where money laundering could take place and signposts things to look out for
- The procedures set out the planned monitoring arrangements to ensure compliance
- The maximum limit of cash payments which the County Council will accept has been reduced from £10,000 to £5,000. The County Council have no recent experience of receiving large cash payments and the maximum limit is in line with the limit set by other authorities

2.2 Both policies reflect best practice from other local authorities and going forward, they will be reviewed every three years. Once the policies have been approved by the Regulation, Audit and Accounts Committee, they will be published and specifically communicated to those areas where there is the greatest risk.

2.3 The Fraud Response Plan which is held on the Council's intranet sharepoint site, has also been updated in line with the latest Anti-Fraud and Corruption Strategy.

3 Finance

3.1 There are no immediate costs associated with either policy but there are potential financial risks which are outlined in section 4.

4 Risk implications and mitigations

4.1 The Council could be exposed to both fraud and money laundering. In addition to the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy, there are a range of other policies that help to reduce the Council's risk. Details of these additional policies are set out in both documents.

4.2 Employees have a key responsibility to ensure the risk of fraud and money laundering is properly managed. Key to this is the internal control system for financial administration as set out in the Anti-Fraud and Corruption Strategy. The Council also has a Fraud Response Plan which sets out the actions that officers should take if they suspect fraud. It is the responsibility of managers at all levels to familiarise themselves with the types of fraud that may occur as well as potential money laundering activities. Managers should ensure that

their teams are aware of both policies and the Fraud Response Plan and these are all implemented in their service areas.

- 4.3 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and Anti-Money Laundering Policy will depend largely on risk awareness, the effectiveness of training and responsiveness of staff throughout the organisation. To facilitate this, there is induction and ongoing anti-fraud training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Officers are currently reviewing delivery methods for anti-money laundering training. The outcomes from training provided will be subject to continuous review to ensure effectiveness.
- 4.4 The risk of the Council being exposed to money laundering is currently considered to be low, based on the low amount of cash the Council receives from income sources, as well as the low volumes and value of refunds which are processed.
- 4.5 The latest Anti-Fraud and Corruption Strategy, the Anti-Money Laundering Policy and the Fraud Response Plan will be accessible via the Council's external website. Officers will also be able to readily access these documents on the Council's internal sharepoint site.

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Appendices

Appendix A – Anti-Fraud and Corruption Strategy

Appendix B – Anti-Money Laundering Policy

Background Papers

None.