| Agenda Item No: | **10** |  |
|---|---|---|
| Committee: | **Corporate Governance** | |
| Date: | **7 February 2018** | |
| Report Title: | **Anti-fraud and corruption policy and strategy** | |

<u>**Cover sheet:**</u>

**1      Purpose / Summary**

This report provides an annual review of the Anti-fraud and corruption policy and reports activity undertaken by the Council against fraud & corruption.

**2      Key issues**

- The Anti-Fraud and Corruption Policy has been reviewed against the CIPFA code of practice on "Managing the risk of fraud", from which a checklist has been completed with details of the Council's compliance.

- Internal policies and procedures have been reviewed against any emerging guidance and the policy reflects the latest guidance and standards. The policy was last reviewed in February 2017 (Minute CGC30/17).

**3      Recommendations**

The Corporate Governance Committee to review, and approve, the Anti-Fraud and Corruption Policy.

| Wards Affected | All |
|---|---|
| **Forward Plan Reference** | N/A |
| **Portfolio Holder(s)** | Cllr Mark Buckton - Chairman of Corporate Governance Committee |
| **Report Originator(s)** | Katherine Woodward – Shared Internal Audit Manager |
| **Contact Officer(s)** | Brendan Arnold – Corporate Director & Chief Finance Officer<br>Carol Pilson – Corporate Director<br>Katherine Woodward – Shared Internal Audit Manager |
| **Background Paper(s)** | "Managing the risk of fraud" – CIPFA<br>"Fighting Fraud and Corruption Locally" – CIPFA Counter Fraud Centre<br>"UK Anti-Corruption Strategy 2017-22" – HM Government<br>"SFIS / Counter Fraud" – Cabinet report C7/15 |

## Report:

### 1 Background / introduction

1.1 The Anti-Fraud and Corruption Policy and Strategy (Appendix A) supports the Council's Local Code of Governance, in particular theme 3 "Promotion and demonstration of good governance values". The Policy is necessary to convey the commitment of the Council to its officers and members.

1.2 The Policy and Strategy states that the Council is committed to sound corporate governance and is determined to prevent and eradicate fraud and corruption. It helps management, with oversight from the Corporate Governance Committee, maintain a culture of ethical behaviour with a strong control environment that both deters and prevents fraud.

1.3 Management has an ongoing responsibility to prevent and detect fraud. Internal controls, designed to mitigate fraud risk, are built into our systems and processes.

1.4 Internal controls are reviewed for effectiveness as part of the Internal Audit plan, and fraud and error risk is a determining factor in prioritising work. We will also be undertaking a fraud cross cutting review to highlight any potential areas for improvement.

1.5 The Council also has a fraud team, as part of the Anglia Revenues Partnership, who continually review high risk areas of housing, council tax and business rates.

1.6 External Audit considers potential for fraud and error when assessing financial statement risk. Review of accounting estimates, accounting journals, revenue and expenditure, provides assurance that the financial statements give a true and fair view.

1.7 The Policy and Strategy has been reviewed to ensure that it remains effective.

### 2 Policy and strategy update

2.1 The Anti-Fraud and Corruption Policy and Strategy states the practices and activities that the Council undertakes in order to prevent and detect fraud and corruption.

2.2 Guidance and best practice is issued periodically from counter fraud agencies, such as the National Crime Agency, CIPFA, and the Cabinet Office. The Council is keen to maintain an effective policy by implementing good practice and controls as they develop. The Policy is reviewed annually by the Corporate Governance Committee as good practice.

2.3 CIPFA have produced a voluntary code of practice on managing the risk of fraud and corruption in public service organisations. The code illustrates good governance and operational arrangements to help counter fraud and corruption.

2.4 During our fraud cross cutting review we will be introducing a new checklist to measure our anti-fraud and corruption culture and response. This will be reported in future updates of the fraud strategy and policy. This approach has been designed by the CIPFA Counter Fraud Centre as part of the Fighting Fraud and Corruption Locally strategy.

2.5 In order to evaluate the effectiveness of the Council's counter fraud policies and activities, a self-assessment has been performed against the CIPFA voluntary code. The summary of the assessment has been attached for information (Appendix B).

2.6 Positive answers are provided for each of the checklist items, concluding that Council has effective arrangements in place.

2.7 A list detailing the roles and responsibilities of all Members and Council employees in respect of the prevention and detection of fraud has been compiled as a result of ensuring good governance as described in the CIPFA voluntary code. (Appendix C)

2.8 This is further supported by the external auditors (Ernst & Young) Annual Audit Letter presented to Corporate Governance Committee in December 2017 (minute CGC20/17). The report summarises audit work and issued an unqualified conclusion on securing economy, efficiency and effectiveness in its use of resources.

2.9 Assessment by the external auditors, and the self-assessment review, provide assurance that the Council has adequate arrangements in place for deterring fraud and responding to allegations of fraud. The Council has recognised the threats posed by the current economic conditions, and has balanced the resources that it has access to in order to mitigate and control the risk.

2.10 The Policy and Strategy has been reviewed and is appended to this report. It continues to enable the Council to deliver and maintain best practice in its arrangements for managing risk.

2.11 The table below summarises, and provides information on, how the Council has delivered each aim of the strategy.

| Strategic aims | Progress |
| --- | --- |
| Aim to identify fraud being perpetrated against this organisation and prevent it. | Fraud risk is recorded on the Corporate Risk register. |
| | Management are responsible for identifying risks to their processes and systems. |
| | The Internal Audit plan considers fraud risk. The plan is agreed with the Corporate Management Team, Team Managers and the Corporate Governance Committee. Resources are prioritised and the internal controls are evaluated for effectiveness. |
| Continually appraise our systems and policies for new fraud risks. | Fraud and error risk, and effective internal controls, are considered as part of project management when designing a new system. |
| | A cross cutting review of fraud also ensures we can highlight emerging and current risks. |
| | Professional networks, such as NAFN, CIPFA, are used to gain intelligence of emerging fraud risks. |
| Work with partners on tackling fraud that affects us and support the national agenda of fighting fraud. | The Council has approved that a dedicated fraud resource be retained as part of the Anglia Revenues Partnership. |
| | The Council works with other public sector bodies in Cambridgeshire and Norfolk, and shares intelligence of emerging fraud risks. |
| | The Council participates in the National Fraud Initiative data matching exercise which supports the national agenda of fighting fraud. |
| Account for the effectiveness of our counter fraud arrangements to the public, partners and national stakeholders. | The Council publicly reports on its anti-fraud and corruption policy and strategy, and accounts for effectiveness of internal controls through the Annual Governance Statement. Where appropriate the Council works with partners and stakeholders, such as the externally appointed auditor. |

## 3 Anti-fraud and corruption performance and developments

3.1 The Council joined the Anglia Revenues Partnership (ARP) in April 2014 as part of the Council's service transformation. This included counter fraud staff that investigated fraud of council tax discounts and benefits, national non domestic rate discounts, and housing benefits. The Benefit Fraud teams at five ARP partner authorities were combined and have worked as a single team since April 2014. The Welfare Reform Act 2012 led to the creation of the Single Fraud Investigation Service (SFIS) to combine benefit fraud investigators from Councils, the Department of Works and Pensions and Her Majesty's Revenue and Customs into a single welfare benefits fraud investigation service. ARP investigators transferred in September 2015. The ARP Joint Committee agreed that a permanent fraud team should be retained, to review non-benefit related fraud, subject to the approval of ARP Partner Councils. This was agreed by Cabinet in June 2015 (C7/15). The fraud investigation service re-affirms the partnerships stance on fraud, with the capability to investigate Council Tax / Business Rate discounts, reliefs and exemptions, Council Tax Support, Housing applications and Tenancy fraud on behalf of social housing providers.

3.2 The Local Audit and Accountability Bill contained provision for the closedown of the Audit Commission. Consequently their counter fraud staff and functions transferred to other public bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Cabinet Office. The Councils Internal Audit team extract data from Council systems, so that it can be processed through a national data matching service known as the National Fraud Initiative (NFI). It flags up inconsistencies in data that may indicate fraud and error, helping Councils to complete proactive investigation. Data is matched nationally and this work has identified £1.17 billion of local authority fraud, errors and overpayments since 1996. The NFI data matching exercises transferred to the Cabinet Office on 1 April 2015, enabling both ARP and Internal Audit to continue investigating potential matches. The Council has carried out the current exercise to the deadlines set by the Cabinet Office, and is currently working through the matches. This is a good achievement and the process continues to provide positive assurance that internal controls continue to operate effectively.

3.3 The Council is a member of the National Anti-Fraud Network, a public sector service which provides data and intelligence on fraud. There has been an increase in reports of corporate fraud attempts against Councils, such as "mandate fraud", "whaling" and "social engineering". Increased attempts suggest that fraudsters are hoping to take advantage of Councils, where reductions in resources could have weakened internal controls. No frauds of this type have been detected, which provides assurance that controls continue to operate effectively.

3.4 The Council maintains an Intranet page which provides guidance on managing fraud and corruption risks. This has been updated so that topical risks can be effectively communicated to employees. Internal Audit have considered fraud risks as part of the audit plan, proactively shared intelligence, and developed awareness so that all employees can be prepared as possible.

3.5 The Home Office recently conducted a pilot programme to explore the threat from Serious and Organised Crime to publicly procured services in Local Government. From this report some intervention strategies have been suggested to help reduce vulnerabilities identified in the pilot which will be adopted by the internal audit team. These include, establishing a Police contact, which is being done in collaboration with the Cambridgeshire Auditing Group, utilising a new auditing tool and checklist to scrutinise business operations to establish where there may be vulnerabilities and the creation of a Non-involvement in Serious & Organised Crime Statement for use in invitations to tender as part of the public procurement process.

3.6    Following on from the Serious Organised Crime pilot programme the Home Office has introduced the 'UK Anti-Corruption Strategy 2017-22'. This strategy works towards achieving three long term goals of;

- Reduced threat to our national security, including from instability caused by corruption overseas
- Increased prosperity at home and abroad, including for UK businesses
- Enhanced public confidence in our domestic and international institutions

This new strategy has been reviewed and considered in the Council's Anti-fraud and Corruption Policy and Strategy.

## 4    Outcomes

4.1    The Council completes both proactive and responsive work in managing the risk of fraud. We have participated in data matching exercises, plus used data and intelligence from partners and professional bodies, to proactively identify any potential cases of fraud and error.

4.2    Fraud risks have been routinely considered as part of the Council's risk management framework.

4.3    The Internal Audit plan has evaluated fraud risks, to focus resources effectively on the most important internal control systems.

4.4    The outcome of this work, and annual review, provides assurance for the Annual Governance Statement.

## 5    Effect on corporate objectives

5.1    The Anti-Fraud and Corruption Policy is part of the Council's Local Code of Governance which supports the Quality Organisation corporate objective.
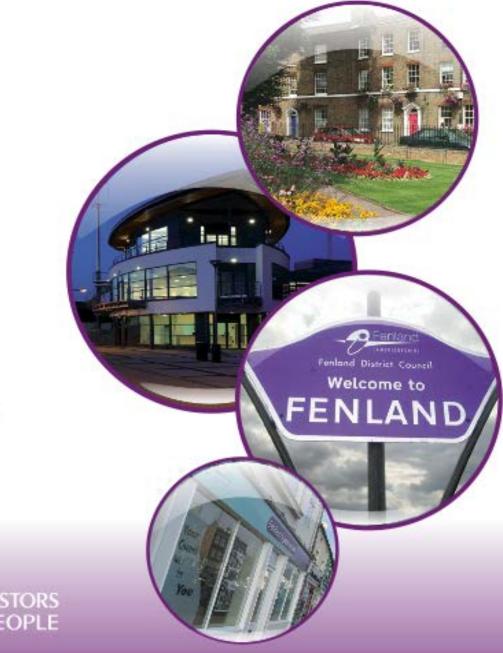
## 6    Conclusions

6.1    The anti-fraud and corruption policy and strategy sets out the Councils approach to managing the risk of fraud and error. The annual review is completed to help embed effective standards for countering fraud and corruption. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

## 1    POLICY STATEMENT

1.1    Fenland District Council is committed to sound corporate governance and is determined to prevent and eradicate fraud and corruption whether it is attempted from outside or from within the Council. The Council seeks firstly to prevent any fraud and corruption but will take all steps necessary to identify suspected fraud and corruption and pledges to pursue the recovery of any losses and the suitable punishment of those responsible.

## 2    INTRODUCTION

2.1    In administering its responsibilities the Council is committed to the highest ethical standards.  It expects all its members and staff to lead by example in ensuring adherence to rules, procedures and recommended practices whilst maintaining conduct of the highest standards such that public confidence in their integrity is maintained.

2.2    Fraud and corruption cheats the local tax-payer and undermines the aims of the Council to provide value for money services in an open, honest and accountable way. Members and officers should ensure they adhere to all rules, legal requirements and all Council procedures and recommended practices.  The Council requires compliance with policies relating to information security and confidentiality

2.3    The public expects local authorities to be accountable for protecting public money and to operate in a transparent manner.

2.4    The Council expects that individuals and organisations (e.g. suppliers and contractors) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption.

## 3    DEFINITIONS

3.1    The following table defines the key terms used throughout the policy:

| Term | Detail |
|---|---|
| Fraud | An intentional illegal act that is carried out to make gain, cause loss or expose another to the risk of loss. Often characterised by deceit, concealment, or violation of trust e.g: |
| | False representation (fake expense claim / exaggerated qualification on a job application) |
| | Failing to disclose information (not disclosing criminal convictions / not disclosing income when applying for a grant or a benefit) |
| | Abuse of position (using official resources and information for your own personal advantage) |
| | Theft of money and goods and Council assets |
| Corruption | The promising, requesting, offering, giving, accepting or soliciting, directly or indirectly, of an advantage as an inducement or reward for an action which is illegal or a breach of trust[1]; that distorts the proper performance of any duty or behaviour required of the recipient of the offer or bribe, e.g: |
| | The taking or giving of a bribe to secure favourable treatment in the granting of a Council service or contract |
| | The undue use of influence to procure a Council service or contract. |

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[1] Bribery Act 2010 – Ministry of Justice

## 4 STRATEGIC AIMS OF THIS POLICY

4.1 This policy is a commitment that the Council will minimise the risk of fraud and corruption, whilst maximising opportunities for prompt detection and effective investigation.

4.2 It is reviewed at least annually to reflect best practice and emerging fraud risks. By continually improving the understanding, detection and investigation of fraud, the Council can reduce its fraud losses. The strategic aims are that we will:

- aim to identify fraud being perpetrated against this organisation and prevent it;

- continually appraise our systems and policies for new fraud risks;

- work with partners on tackling fraud that affects us and support the national agenda of fighting fraud; and

- account for the effectiveness of our counter fraud arrangements to the public, partners and national stakeholders.

4.3 The policy is based on a series of comprehensive and inter-related policies and procedures designed to frustrate any fraudulent or corrupt act. The policy also reflects national good practice, such as the Local Government Fraud Strategy, and has three themes:

| Acknowledge | Prevent | Pursue |
|---|---|---|
| Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response. | Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture. | Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response. |

4.4 The Council will take both a proactive and a responsive approach to deliver the strategy.

- Proactive activities include:
  - developing a counter-fraud culture to increase resilience to fraud;
  - preventing fraud through robust internal controls and security measures;
  - using techniques such as data matching to validate data;
  - deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters.

- Responsive activities include:
  - detecting fraud through data and intelligence analysis;
  - implementing effective whistleblowing arrangements;
  - investigating fraud referrals;
  - applying sanctions, including internal disciplinary, regulatory and criminal;
  - seeking redress, including the recovery of assets and money where possible.

4.5 The policy will contribute to the achievement of the Council's corporate priorities, support the Local Code of Governance, and provide assurance to the Corporate Governance committee. This will contribute to assurance in our Annual Governance Statement.

## 5 CULTURE

5.1 The Council has determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption. The Council will not tolerate malpractice or wrongdoing in the provision of its services and is prepared to take vigorous action to stamp out any instances of this kind of activity. The fight against fraud and corruption can only be truly effective where these acts are seen as anti-social, unacceptable behaviour and whistle blowing is perceived as a public-spirited action.

5.2 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council staff and members at all levels will lead by example in these matters.

5.3 The Council's employees and elected members are positively encouraged to raise any concerns they may have on these issues where they are associated with the Council's activity. They can do this in the knowledge that such concerns will be treated in the utmost confidence and properly investigated.

5.4 The Council appreciates that there are employees, elected members and members of the public who would fear recrimination, victimisation or harassment if it were known that they were making a complaint and, therefore, the Council offers its full protection under its Whistleblowing Policy to those persons who voice their concern over any matter affecting the provision of the Council's services. A copy of the policy is available to all employees of the Council on the intranet, in employee handbooks or via line managers.

5.5 Members of the public are also encouraged to report any concerns they may have about Council staff or members via the Council's Complaints system or via their Councillor. Where either Council staff or members are implicated, the Chief Finance Officer must be informed immediately (unless it is possible that they may also be implicated). Any subsequent investigation into members conduct will be under the Conduct Committee procedures set out by the regulations on Disclosable pecuniary interests within the Localism Act 2011 and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Or if relating to potential criminality this will be referred to the police.

5.6 The Council's Conduct Committee remit covers the promotion and maintenance of high standards of ethical conduct by Members, including the consideration of any reports referred to it by the Monitoring Officer in respect of any alleged breaches of the Members Code of Conduct. The Codes of Conduct for members and officers are contained in the Council's Constitution.

## 6 PREVENTION

6.1 Management has responsibility for the prevention of fraud and corruption within all its services. It is essential that managers understand the importance of soundly designed systems which meet key control objectives and minimise opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own team's activities and for implementing appropriate strategies to reduce this risk.

6.2 Fenland District Council is determined to frustrate the potential fraudster and to introduce a robust prevention methodology. To this end Internal Audit provide advice to managers to ensure sufficient emphasis is given to preventative design in systems where the risk of fraud or corruption exists.

6.3 Fenland District Council launched a' Squeaky Clean campaign' as part of it prevention methodology. This included a handy guide and posters positioned around the building to remind staff of the channels available to them if they have any concerns regarding fraudulent activities and who to contact. This campaign is refreshed frequently and will be reviewed again in 2018.

## 7    STAFF

7.1    The Council is obliged to maintain, and is entitled to expect, a high standard of conduct among its employees to ensure that public confidence in their integrity and impartiality is not undermined. The public are entitled to demand conduct of the highest standard and that staff are working honestly and without bias in order to achieve the Council's objectives.

7.2    Staff are expected to follow the Council's Employee Code of Conduct which sets out the conduct expected of all employees in the performance of their jobs and also to follow any Code of Conduct of professional bodies to which they belong in order to perform their duties. An additional Code, for Chief Officers, is also included within the Council's Constitution. Copies of the Employee Code of Conduct will be issued to all new employees at the commencement of their employment. The Council will invoke the appropriate disciplinary procedure for breaches of codes of conduct.

7.3    Staff are required to operate within the Council's Standing Orders and Financial Regulations. They must also operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the Council or fees or rewards other than proper remuneration. Staff are required to declare with their line manager and register with the monitoring officer any potential areas of conflict between their duties and responsibilities whilst acting on behalf of the Council and any other areas of their personal or professional lives.

7.4    Training and awareness is delivered across the organisation by both the Council's Internal Audit team and the Anglia Revenue Partnership.

## 8    MEMBERS

8.1    Members of the Council are expected to operate honestly and without bias within both a regulatory and advisory framework. Their conduct is governed by:

- Code of Conduct for Members
- Nolan Principles of Public Life
- Sections 29-34 of the Localism Act 2011
- Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Council Standing Orders and Financial Regulations

8.2    These matters are specifically brought to the attention of Members in the 'Members code of conduct' and include the declaration and formal registration, with the Monitoring Officer, of potential areas of conflict between Members' Council duties and responsibilities and any other areas of their personal or professional lives.

## 9    DISCIPLINARY PROCEDURES

9.1    Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or other culpable acts, the Council will take appropriate steps which may include disciplinary and/or legal action whether the persons are employees or external to the organisation.

9.2    Steps will also be taken to recover losses resulting from fraud and a civil action against the perpetrator may be appropriate.

9.3    The Council will normally wish the police to be made aware of and to independently prosecute offenders where financial impropriety is discovered.

## 10    RISK EVALUATION

10.1    Fraud and error risks are routinely considered as part of the organisations risk management arrangements, which is included on the Corporate Risk Register.

10.2    Fraud and error risks are considered as part of the Internal Audit plan. This helps prioritise resources to review the effectiveness of controls in systems most prone to fraud and error.

## 11    INTERNAL CONTROL SYSTEMS

11.1    The public expects local authorities to be accountable for protecting public money and to operate in a transparent manner. To this end there needs to be effective systems for ensuring that anti-fraud arrangements are in place and working.

11.2    The first line of defence in preventing fraud is the consistent application of internal controls.

11.3    Fenland District Council has Standing Orders, Financial Regulations, Code of Procurement and Procedures in place which act as the framework for financial control within the Council. All staff are required to act in accordance with these rules and regulations when carrying out their duties. The Rules of Procedure, Codes of conduct and Protocols are part of the Council's published Constitution. Additional policies exist to specify the acceptable use of the Council's technology.

11.4    The Chief Finance Officer has a statutory responsibility under Section 151 of Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has adopted Financial Codes of Practice and Accounting and requires managers to ensure that procedures and instructions exist in relation to the Council's activities.

11.5    The Council has developed, and is committed to maintaining, systems and procedures which incorporate efficient and effective internal controls.

11.6    New policies, systems and delivery models should be fraud proofed so that fraud risks can be designed out at the earliest opportunity. Internal Audit can assist with providing controls advice such as separation of duties, pre-employment screening, risk and performance management.

11.7    The Council has a procedure for monitoring cash activities for any money laundering activity and will report any matters that require investigation to the National Crime Agency.

11.8    The Council has procedures for managing information security and cyber risks.

## 12  INTERNAL AUDIT

12.1  A continuous internal audit, under the overall direction of the Corporate Director & Chief Finance Officer, and the Corporate Director & Monitoring Officer, is maintained to review accounting, financial and all high-risk operations of the Council. Internal Audit reviews help to:

- Ensure financial controls are effective.
- Prevent the opportunity for fraud.
- Detect occurrences of fraud.
- Ensure the Council's services are operating in an effective, efficient and economic manner.

12.2  In order to carry out their work the Council supports the fact that Internal Audit shall have access and authority to:

- Enter at any reasonable times any premises or land in occupation or possession of the Council.
- Examine all manual and computerised documents, accounts, statements, records and correspondence relating to any financial or other transactions of the Council.
- Examine information and data held on personal computers and other hardware, fileservers and software.
- Require any employee of the Council and any other organisation or person in possession of Council resources to produce cash, stores, records or any other council property under their control.
- Apply any reasonable tests or checks that might be considered necessary.
- Require and receive any explanations as are necessary concerning any matter under examination.

12.3  The Internal Audit strategy is a risk based plan which includes fraud risk as a key criteria. To ensure that fraud risks are managed, and resources deployed effectively, Internal Audit will be the central point for facilitating the Council's fraud policy and strategy. Consequently they should be notified of any suspected or detected fraud, corruption or impropriety.

12.4  Depending on the nature of the allegations, the Internal Audit team will normally work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

## 13  EXTERNAL AUDIT

13.1  An external auditor is appointed to the Council as a statutory requirement. External auditors in the public sector give an independent opinion on public bodies' financial statements and may review, and report on, aspects of the arrangements put in place by public bodies to ensure the proper conduct of their financial affairs and to manage their performance and use of resources.

13.2  In carrying out this responsibility, auditors should provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

**14    ANGLIA REVENUES PARTNERSHIP**

14.1    The Anglia Revenues Partnership will appoint authorised Officers in relation to investigating fraud to their service. The Head of Paid Service or Chief Finance Officer will authorise the appointment in accordance with relevant legislation. These inspectors will:

- Enter premises where persons are employed; where a trade or business is being conducted; and where records relating to a trade or business are kept.

- Interview anybody who is found on such premises or, whether or not on the premises, whom the inspector believes holds, or has access to, information or documents relating to any person believed by the inspector to be a claimant for, or recipient of benefit.

- Require the production of documents and information.

14.2    There is an approved Sanction and Prosecution Policy for Council Tax Benefit, Council Tax Support, and Council Tax discounts and exemptions. It requires officers to apply the policy to all cases of fraud and abuse, which occur to the Council.

14.3    This policy clearly states:

- that Anglia Revenues Partnership is committed to protecting public funds through its action on fraud;

- the circumstances which will be considered when deciding whether it is in the public interest to pursue a prosecution; and

- the criteria for the use of cautions and/or administrative penalty, in appropriate circumstances.

14.4    The single fraud investigation service (SFIS) was introduced nationally between July 2014 and March 2016. DWP now conducts single welfare benefit fraud investigations to one set of policies and procedures. (Housing Benefits)

**15    A BALANCED APPROACH TO ENFORCEMENT**

15.1    The main purpose of anti-fraud and corruption activity is to protect the public purse, the public and legitimate businesses by making sure those legal requirements are met and that everyone acts/operates within Council Policy and the law. It does not just mean taking formal action, such as prosecution, but includes a wide range of actions and measures to make sure that things are as they should be and provide help or advice to prevent inappropriate activity.  We will make policy and standards available to individuals to inform them of their ethical obligations.

15.2    We recognise that most employees, members and the public want to comply with the law and thereby operate legitimately and responsibly.  We will help and advise wherever possible but will take firm action against those who ignore legal and policy requirements or act irresponsibly.

15.3    To achieve this we will:

- Make available information and advice on policy and regulation in electronic and printed formats.

- Provide awareness training.

- Distribute relevant codes of practice and handbooks at the induction of new employees and members.

- Talk to witnesses and obtain witness statements where appropriate.

- Conduct interviews to investigate offences and obtain the facts.

15.4 The following table lists guiding principles:

| Principle | Detail |
| --- | --- |
| Consistency | We will carry out our duties in fair and consistent ways. To achieve consistency we have documented procedures in place and regular refresher trainer for investigative officers. |
| Suitable Action | Every case is unique and must be considered on its own facts and merits. When making decisions on the actions to take, we will always take account of policy and regulations. |
| Human Rights | We will have regard to fairness and individual's human rights in all our prevention, detection and investigation activity and conform to the European Convention on Human Rights (as implemented by the Human Rights Act 1998). |
| Equal Opportunities and Diversity | We believe in openness and equality in the way we provide services and that every individual is entitled to dignity and respect. When taking prevention, investigatory and detection action we aim to ensure that there will be no discrimination against any individual on the basis of culture, ethnic or national origins, gender, disability, age, sexual orientation, political or religious beliefs, socio-economic status, or previous criminal conviction or caution which is not relevant to the current issue. |
| Vulnerable People | We will have regard to the particular circumstances involving vulnerable people and we will deal with them in a manner that is appropriate. The public interest test will need to be satisfied when deciding to prosecute, taking into account a person's vulnerability. To this end, we will work in consultation with the relevant partner agencies (e.g. Social Services, Youth Offending Team and the Police). We will also have regard to any government guidance (e.g. that issued by DEFRA) and local policies (e.g. Safeguarding Children). |
| Individual needs | We understand that some members of the community may have specific difficulties or needs, which will require extra advice and assistance. Careful explanation will be given and the services of an Interpreter, or translation of documents, will be provided if necessary. Use of interpreters will adhere to the statutory requirements under PACE. Practical help will be provided for people with impaired hearing, vision or other impairment. |
| Complaints | All complaints about the prevention, investigation and detection activities of the Council will be recorded and tracked via the Council's formal complaints or grievance procedure. |

**16      WHISTLE-BLOWING**

16.1    The Council has established a whistle-blowing Policy and Procedure which provides protection, in accordance with the Public Interest Disclosure Act 1998, to anyone that wishes to report allegations or concerns about the Council, its Councillors, services or service providers. This details the options for reporting concerns internally and externally for all stakeholders, i.e. members of the public, employees, Councillors, contractors and agency staff.

**17      BRIBERY**

17.1    Bribery is a type of corruption, and is a criminal offence. The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor will the Council, accept bribes or improper inducements.

17.2    To use a third party as a conduit to channel bribes to others is a criminal offence. The Council does not, and will not, engage indirectly in or otherwise encourage bribery.

17.3    The Council is committed to the prevention, deterrence and detection of bribery. The Council requires that all personnel, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the organisation's resources for which they are responsible

- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the organisation operates, in respect of the lawful and responsible conduct of activities

17.4    The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

17.5    It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given

- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure

- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them

- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return

- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy

- engage in activity in breach of this policy.

17.6    Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

17.7 This policy reinforces the requirements of our existing gifts and hospitality rules and procedures.

## 18 DATA MATCHING AND INFORMATION SHARING

18.1 The Council will participate in national and local data matching exercises to identify fraud and error, including the National Fraud Initiative's data matching exercise. This will include sharing data internally and externally between partners.

18.2 The Council is part of a county-wide information sharing framework created to establish best practice. The Council will seek all relevant permissions, such as Data Protection Fair Processing Notices, and will comply with data sharing agreements and data matching codes of conduct.

## 19 DETECTION

19.1 The array of internal control systems should under normal circumstances go some way to deterring fraud. They are also in place to provide indications of any possible fraudulent activity, however, instances will still arise which have not been prevented either due to error, lack of control, excessive cost of control or poorly planned changes in systems.

19.2 The Council is also proactive in the use of proven methods for the detection of fraud and corruption e.g. computer assisted audit techniques and data matching (Audit Commission's National Fraud Initiative). It also subscribes to the National Anti-Fraud Network by which information on potential frauds and fraudsters is disseminated amongst members.

## 20 AWARENESS

20.1 The Council is committed to raising the profile of its anti-fraud and corruption work and this Policy, which underpins the whole framework, will be widely distributed and publicised.

20.2 Work is undertaken by the Council's Internal Audit Section and the Anglia Revenues Partnership to actively promote awareness and feedback at all levels within the Council. A variety of training tools, such as the Intranet, e-learning tools, counter fraud briefings, and alerts will be used to share knowledge about fraud risks and how to prevent them.

## 21 MANAGEMENT SYSTEM

21.1 The Council will maintain activity records to monitor the quality and nature of investigations and detection activities undertaken, so as to ensure independent authorisation and review.

21.2 Compliance with appropriate statute, regulation, professional body guidance and Council policy will be ensured via refresher training and regular review and update of procedural guidance. All officers undertaking investigation activities will be suitably trained and qualified to ensure that they are fully competent to undertake such duties.

21.3 The policy will be reviewed at least once each year to make sure it continues to reflect best practice and ensure commitments are being met.

## Appendix B: CIPFA Code of Practice Managing risk of fraud

**1  Acknowledge the responsibility of the governing body (Members of The Council) for countering fraud and corruption**

The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.

| | CIPFA REQUIREMENT | SELF-ASSESSMENT |
|---|---|---|
| A1 | The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users. | The Corporate Management Team acknowledges the threats of fraud and corruption. Effective internal control and mitigating fraud risk is considered as part of the ongoing governance arrangements. Internal Audit works with CMT and team Managers to form and audit plan which reflects corporate priorities and considers fraud risks. |
| A2 | The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance. | The Corporate Management Team is committed to sound corporate governance and is determined to prevent and eradicate fraud and corruption. This is supported through the Local Code of Governance and the Anti-fraud and corruption policy and strategy. |
| A3 | The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports. | The Corporate Governance Committee receives regular reports on management of fraud and corruption and has effective governance arrangements. The outcomes of this work is summarised in the Annual Governance Statement. The work of the Committee is accounted for in an annual report, which is presented by the Chairman to Council. |
| A4 | The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention. | The Council sets a zero tolerance to fraud and corruption and this is reviewed at least annually through the Corporate Governance Committee. Proactive anti-fraud work is undertaken and all opportunities for financial savings and recovery of Council assets are considered. |

## 2 Identify the fraud and corruption risks

Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

| | CIPFA REQUIREMENT | SELF-ASSESSMENT |
|---|---|---|
| B1 | Fraud risks are routinely considered as part of the organisation's risk management arrangements. | Fraud risk features in the Corporate Risk Register. Operationally Managers are responsible for identifying and managing risks within their teams and systems. The Internal Audit Plan considers fraud risk as a factor in prioritising work. The ARP uses a risk based verification system to effectively target resources at claims of greatest risk. |
| B2 | The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework. | The risk of corruption and importance of integrity is recognised. There are policies and procedures to help maintain this, including:<br>• Local Code of Corporate Governance<br>• Code of Conduct<br>• Code of Procurement and Financial Regulations<br>• Anti-Fraud and Corruption Policy and Strategy<br>• Gifts and Hospitality Policy |
| B3 | The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures. | The organisation refers to fraud loss estimates when they have been published, and considers if they may inform our own fraud risk exposure. This, plus other intelligence, can be used to prioritise work. |
| B4 | The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause. | The Councils risk management framework enables risks to be linked to corporate priorities and business objectives. Fraud and error risks are considered as part of the Internal Audit plan. |

## 3    Develop an appropriate counter fraud and corruption strategy

An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.

|    | CIPFA REQUIREMENT | SELF-ASSESSMENT |
|----|-------------------|-----------------|
| C1 | The governing body formally adopts a counter fraud and corruption strategy to address identified risks and align with the organisation's acknowledged responsibilities and goals. | The Council has an Anti-fraud and corruption Policy and Strategy. This is reviewed and approved by the Corporate Governance Committee at least annually. |
| C2 | The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate. | Partnership working is used wherever appropriate, and intelligence is shared through local and national networks. The Council also has a dedicated fraud team as part of the Anglia Revenues Partnership. |
| C3 | The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. | Proactive approaches include:<br><br>• developing an appropriate counter fraud culture;<br><br>• implementing appropriate controls and security measures, which are reviewed for effectiveness through internal audit and risk management;<br><br>• using data matching and analytical procedures to validate data;<br><br>• publicising the organisations anti-fraud and corruption stance, and actions taken against fraudsters.<br><br>Responsive approaches include:<br><br>• using data matching and analytical data to detect fraud and error;<br><br>• maintaining an effective whistleblowing policy;<br><br>• investigating fraud referrals;<br><br>• applying appropriate sanctions, such as disciplinary, and criminal;<br><br>• seeking redress, including recovery of assets and money; |
| C4 | The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight. | Employees, contractors and Members are all responsible following the policy and strategy. Internal audit prepares the strategy which is overseen by the Corporate Director & Chief Finance Officer, Corporate Director and Monitoring Officer and Corporate Governance Committee. |

## 4    Provide resources to implement the strategy

The organisation should make arrangements for appropriate resources to support the counter fraud strategy.

|  | CIPFA REQUIREMENT | SELF-ASSESSMENT |
|---|---|---|
| D1 | An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk. | The annual Internal Audit Plan considers corporate fraud risk, and the resource assessment includes time spent on proactive and responsive anti-fraud and corruption work.<br><br>The Anglia Revenues Partnership also considers the resource required to investigate fraud for Council Tax / Business Rate discounts, reliefs and exemptions, and Council Tax Support. The ARP Joint Committee agreed that a dedicated resource should be retained, and this was agreed by Cabinet in June 2015. |
| D2 | The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation. | The Council has an appropriate mix of experienced and skilled staff, and the ARP team includes accredited counter fraud staff. |
| D3 | The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes. | The organisation provides appropriate access, which is documented in the Financial Regulations, Internal Audit Charter, plus the Anti-fraud and corruption Policy and Strategy. |
| D4 | The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity. | The Council has protocols for joint working and intelligence sharing. Fair processing notices are completed, when appropriate, for data sharing. |

## 5 Take action in response to fraud and corruption.

The organisation should make arrangements for appropriate resources to support the counter fraud strategy.

| | CIPFA REQUIREMENT | SELF-ASSESSMENT |
|---|---|---|
| E1 | The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. | The Council's policy framework includes:<br><br>• Anti-fraud & corruption Policy and Strategy, including bribery and corruption;<br><br>• Whistleblowing policy;<br><br>• Employee and Member codes of conduct, including procedures and rules for gifts and hospitality and conflicts of interest;<br><br>• Cyber policies, such as Internet and Email usage policy; |
| E2 | Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption. | The Anti-fraud & corruption Policy and Strategy reflects the corporate priorities of the Council, in particular Quality Organisation. Effective internal control is reviewed as part of the Annual Governance Statement, plus there is an independent review of systems by Internal Audit. |
| E3 | Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing. | The Council makes use of initiatives and intelligence from National Anti-Fraud Network, Chartered Institute of Public Finance and Accountancy, The Home Office and Local Authority Investigation Officers Group. The Council participates in the National Fraud Initiatives data matching exercises. |
| E4 | Providing for independent assurance over fraud risk management, strategy and activities. | The anti-fraud and corruption policy and strategy is reviewed at least annually and reported to the Corporate Governance Committee. It is reviewed against good practice guidance, from CIPFA, and in the past the Audit Commission, plus feedback from the externally appointed auditors. |
| E5 | There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report. | The anti-fraud and corruption policy and strategy is reviewed at least annually and reported to the Corporate Governance Committee. The outcomes from counter fraud work are included in Internal Audit reports, ARP reports, and provide assurance through the Annual Governance Statement. |

# APPENDIX C – ROLES AND RESPONSIBILITIES

## Appendix C: Roles and Responsibilities

The table below lists specific roles and responsibilities in respect of the prevention and detection of fraud.

**However it must be emphasised that all Members and employees have a role to play in preventing and detecting fraud**.

| Role | Responsibility |
|---|---|
| All Councillors | • **Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach.**<br>• Demonstrate a commitment to this Strategy and ensure it has the appropriate profile within the Council.<br>• Facilitate an Anti-Fraud and Anti-Corruption culture. |
| All Employees | • **Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach.**<br>• Understand and comply with the Council's Anti-Fraud and Corruption Strategy.<br>• Understand their responsibility to report suspected fraud or corruption and how to do it.<br>• Understand the need to declare any interests that may conflict with their work for the Council. |
| Corporate Governance Committee | • To approve the Anti-Fraud and Corruption Strategy<br>• Ensure the Strategy is effectively implemented across the Council.<br>• To monitor and review the effectiveness of the Council's risk management arrangements, internal controls and related counter fraud arrangements. |
| Chief Executive | • Ensure that there is strong political and executive support for work to counter fraud and corruption.<br>• Ensure consistency across Directorates in the implementation of this Strategy. |
| Corporate Director & Chief Finance Officer (S151 Officer) | • Corporate Director with specific responsibility for the investigation and detection of fraud.<br>• To ensure the Anti-Fraud and Corruption Strategy is reviewed and maintained at appropriate intervals.<br>• Ensure that those working to counter fraud and corruption are undertaking the work in accordance with a clear ethical framework and standards of personal conduct.<br>• Ensure that those working to counter fraud and corruption are professionally trained and accredited for their role and attend regular refresher courses to ensure they are up to date with new developments and legislation.<br>• Ensure that there is a level of financial investment in counter fraud and corruption work that is proportionate to the risk identified.<br>• Ensure that reports on investigations include a section on identified internal control weaknesses that enabled the fraud to take place and action to be taken to correct the weakness where appropriate. |

# APPENDIX C – ROLES AND RESPONSIBILITIES

| | |
|---|---|
| | • Ensure there are effective recruitment procedures in place, implemented by appropriately trained officers.<br>• Ensure employment policies support the Anti-Fraud and Corruption Strategy.<br>• Ensure effective and appropriate sanctions are applied in all relevant cases. |
| Monitoring Officer | • To report on matters she believes are, or are likely to be, illegal or amount to maladministration.<br>• To be responsible for matters relating to the conduct of Councillors and employees.<br>• To be responsible for the operation of the Council's Constitution. |
| Corporate Directors | • Ensure the risks of fraud and corruption are identified and procedures implemented to reduce the risk to an acceptable level.<br>• Ensure the Anti-Fraud and Corruption Strategy is implemented within their Directorate.<br>• Ensure the risk of fraud and corruption is considered in all new processes and appropriate procedures implemented.<br>• Determine the appropriateness of gifts and hospitality offered to employees within their Directorate. |
| Managers | • Ensure all their employees are aware of their responsibilities under the Anti-Fraud and Corruption Strategy.<br>• Ensure all their employees are aware of all relevant policies and procedures relating to official conduct of Council business.<br>• Ensure all their employees are aware of, and understand, the Whistleblowing Policy and arrangements, and the process for reporting fraud.<br>• Ensure accurate and timely reporting of gifts and hospitality.<br>• Ensure the risks of fraud and corruption are identified and procedures implemented to reduce the risk to an acceptable level. |
| Internal Audit Team | • Support Corporate Directors and Managers in identifying and mitigating risks for fraud and corruption.<br>• Undertake a planned programme of internal audits to examine the system of internal controls and agree actions to correct any identified weaknesses.<br>• Undertake data matching exercises with national bodies and investigate results for potential frauds.<br>• Provide specialist skills in investigating allegations of fraud, especially where it may result in a prosecution. |
| Head of Governance and Legal | • Ensure Members are aware of their obligations in respect of the Anti-Fraud and Corruption Strategy.<br>• Ensure members are aware of, and abide by, their obligations in relation to probity.<br>• Maintain a Register of Interests and a Register of Gifts and Hospitality for Members and employees. |