

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COMMITTEE:

AUDIT COMMITTEE

27th November 2017

Item No. 3
Anti-Fraud, Bribery & Corruption Strategy

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Ian Traylor – Head of Pensions, Payroll & Payments

(01443) 680591

1. PURPOSE OF THE REPORT

The purpose of this report is to present and seek approval of the Council's updated Anti-Fraud, Bribery & Corruption Strategy.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review and consider the updated Strategy, alongside the checklist provided (Appendix 1 and 3 respectively); and
- 2.2 If appropriate, to approve the Strategy and receive updates at future meetings in accordance with the Terms of Reference of Audit Committee.

3. BACKGROUND

- 3.1 Rhondda Cynon Taf County Borough Council is resolute in its determination to maintain its reputation as a Council that will not tolerate fraud, bribery, corruption or abuse of position for personal gain, wherever it may be found in any area of Council activity.
- 3.2 The Terms of Reference for Audit Committee identifies its role in raising the profile of an anti-fraud culture across the Council, as follows:

(L) Receive ad hoc reports on any significant matters involving fraud, theft or other appropriate matters in breach of the Authority's Financial Procedure Rules and Contract Procedure rules, as part of the

development of an anti-fraud culture

(N) Promote and review any measures designed to raise the profile of probity within the Authority

The updated Strategy (Appendix 1) aims to set the tone, culture and expectations that should be in place across the Council and is consistent with the expectations that are set out within the [CIPFA Code of Practice in respect of managing the risks of fraud & corruption](#).

- 3.3 The purpose of the Strategy is to communicate the Council's main principles for countering fraud, bribery and corruption. It sets out the:
- Council's zero tolerance approach against fraud, bribery & corruption;
 - Reporting avenues for suspected irregularities;
 - Resources that are in place to support a counter fraud, bribery & corruption culture; and
 - Governance arrangements in respect of reporting to Audit Committee.
- 3.4 A copy of the Strategy is attached at Appendix 1 to this report. Also attached to this report, at Appendix 2, is the template that is being used to undertake the risk assessment referred to within the Strategy. Work is ongoing in respect of the assessment, the outcomes of which will be used to target the resources of the Council's Corporate Fraud Team and the Internal Audit Service.
- 3.5 As described within the Strategy, reports will be prepared and provided to Audit Committee at relevant intervals in order to assist Audit Committee to fulfil its terms of reference.
- 3.6 To assist Audit Committee in considering the arrangements in place, the CIPFA [Fighting Fraud and Corruption Locally 2016–2019 checklist](#) is included at Appendix 3. This has been used as a basis to inform the development of the Council's Strategy.

4. SUMMARY

- 4.1 The Council expects that individuals and organisations (e.g. suppliers, contractors and service providers) that it deals with will act with integrity and without thought or actions involving fraud, bribery and corruption.
- 4.2 The Strategy applies to elected Members, co-opted members of committees, and all officers (full time, part time, temporary and casual) who work for the Council. The term 'officer' includes all types of employees of the Council.
- 4.3 On occasions where allegations are received by the Council, they will be investigated promptly and thoroughly.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

27th November 2017

Report of the Group Director, Corporate & Frontline Services

Author: Ian Traylor – Head of Pensions, Payroll & Payments

Item

3. Anti-Fraud, Bribery & Corruption Strategy

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APPENDIX 1 - Anti-Fraud, Bribery & Corruption Strategy



STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

Audit Committee - 27th November 2017

Rhondda Cynon Taf County Borough Council

Anti-Fraud, Bribery & Corruption Strategy

DATE: November 2017

Foreword

We have some tough challenges ahead, in particular the financial pressures that the public sector is facing. Whilst we continue to make Rhondda Cynon Taf a better place to live, work and do business it is essential that we are able to protect our limited resources and assets from the risks associated with fraud, bribery and corruption.

Rhondda Cynon Taf County Borough Council is not immune to these risks. If risks materialise and funds are lost to fraudsters then it potentially reduces resources that could be spent on vital services for our citizens.

The Council has a duty to make clear to all Stakeholders that malpractice in any form will not be tolerated. We need to demonstrate the highest standards of probity and transparency. Whilst all stakeholders have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

The Council's Senior Leadership Team and wider Management Teams are expected to deal swiftly and firmly with those who attempt to defraud the Council. Rhondda Cynon Taf County Borough Council will not tolerate fraud, bribery and / or corruption; it will seek to instigate the strongest penalties against those that believe it is acceptable to attempt these offences.

This Anti-Fraud, Bribery & Corruption Strategy sets out the responsibilities and behaviours that are expected of all.

Preventing fraud, bribery and corruption from happening in the first place must be our aim. However, in the event that a fraudulent activity occurs, a robust enforcement response will be applied to pursue fraudsters and deter others.

Leader

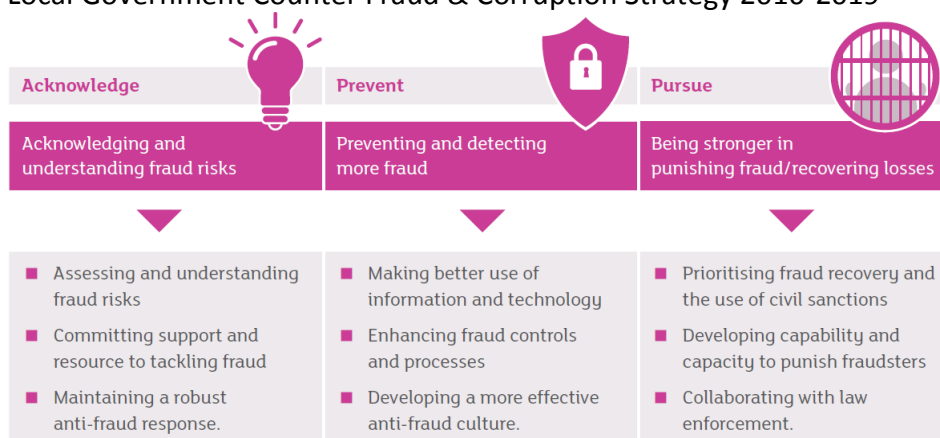
Chief Executive

Section 1

Introduction & Purpose

- 1.1 Rhondda Cynon Taf County Borough Council is resolute in its determination to maintain its reputation as a Council that will not tolerate fraud, bribery, corruption or abuse of position for personal gain. In managing its responsibilities, the Council is determined to protect itself against fraud, bribery and corruption both from within the Council and from any external threats.
- 1.2 Responsibility for promoting an anti-fraud, bribery and corruption culture is the duty of all those involved in giving political direction, determining strategy and managing. The Council expects that Elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, financial regulations, codes of conduct, procedures and practices. As part of embedding this expectation into the culture of the organisation, this document sets the governance requirements, the resources deployed to identify and manage the associated risk along with how individuals can report allegations.
- 1.3 This Strategy applies to Elected Members, co-opted Members of committees and all employees. Where the Council contracts with external suppliers or contractors then appropriate clauses will be included within its contracts in respect of the consequences should fraud, bribery and / or corruption materialise.
- 1.4 Appendix A provides a summary of all stakeholders along with their roles and responsibilities, together with a list of Definitions at Appendix B.
- 1.5 This strategy is based upon the three key principles identified with the [Local Government Counter Fraud & Corruption Strategy 2016-2019](#) which are summarised in Figure 1.

Figure 1 - Local Government Counter Fraud & Corruption Strategy 2016-2019



(Source: *Fighting Fraud & Corruption Locally, The Local Government counter fraud and corruption strategy*)

Section 2

Governance Arrangements

- 2.1 The Group Director, Corporate & Frontline Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs. In addition, PART 3 (Financial Management and Internal Control) of the Accounts & Audit (Wales) Regulations 2014 states:
'The accounting control systems determined in accordance with paragraph (1)(b) must include—
- 4.1 *measures to ensure that the financial transactions of the body are recorded as soon as reasonably practicable and as accurately as reasonably possible, measures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records'*
- 2.2 The Council's aim is to have sound financial systems and procedures that incorporate efficient and effective internal controls. The mechanisms set out within Section 3 of this Strategy aim to deliver the Council's responsibilities associated with the prevention and detection of fraud, bribery and corruption.
- 2.3 The Council has the following Policies & Procedures which support the implementation of the Council's intentions in respect of countering fraud, bribery & corruption:
- An Anti-Fraud, Bribery & Corruption Strategy and Procedure that emphasises the importance of probity to all concerned;
 - Elected Member support;
 - Codes of conduct for Elected Members and Employees;
 - Whistle blowing Strategy, and Complaints Procedure or Corporate Feedback Scheme;
 - Contracts Procedure Rules and Financial Procedure Rules;
 - Sound internal control systems, procedures and reliable records;
 - Clear disciplinary procedures;
 - Effective Internal Audit and Audit Committee;
 - A Counter Fraud team;
 - A risk assessment process in respect of potential fraud, bribery & corruption;
 - Effective recruitment procedures;
 - Clear responsibilities, accountabilities and standards set out under the Scheme of Delegation;
 - Induction and training for employees and Elected Members;
 - Information Management Policies and Procedures;
 - A system of identification for potentially fraudulent liability claims against the Council;
 - Sharing of information between Council departments; and
 - Stringent controls in respect of gifts and hospitality.

Anti-Fraud, Bribery & Corruption Strategy

Deterrence

- 2.4 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council. The Council supports the following principles:
- Publicising the fact that the Council is firmly set against fraud, bribery and corruption and states this at every appropriate opportunity;
 - Acting robustly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, defending potentially fraudulent claims etc.;
 - Taking action to effect the maximum recoveries for the Council e.g. through agreement, Court action, penalties, insurance etc.;
 - Having sound internal control systems that, although still allowing for innovation, limits the opportunity for fraud, bribery and corruption; and
 - Publicising successful prosecutions.

Training

- 2.5 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business by putting in place a structured programme of fraud, bribery and corruption awareness for Elected Members and employees.
- 2.6 The training & awareness programme of work aims to ensure a strong counter fraud culture is embedded across all Council areas and this is led by counter fraud experts.
- 2.7 The Council recognises that the continuing success of this Strategy will depend largely on the effectiveness of programmed training, communication and the responsiveness of Elected Members and employees throughout the organisation.

Collaborating with Others to Prevent and Fight Fraud

- 2.8 With the rapid increase in recent years of organised fraud perpetrated against public bodies, the necessity to liaise with other organisations has become paramount. The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the Data Protection Act 1998 and in line with the National Fraud Initiative.
- 2.9 Any employee found to be perpetrating fraud against another local or national agency is liable to face disciplinary action for gross misconduct, as this has implications for the Council's trust and confidence in the employee.

Section 3

Resources in place to Counter Fraud, Bribery & Corruption Risks

- 3.1 The Local Government Counter Fraud & Corruption Strategy requires the Council to deploy appropriate resources to counter risks associated with potential fraud, bribery and corruption. The resources in place must have appropriate capability, capacity and competence.
- 3.2 Following the transfer of staff to the Department for Work & Pensions Single Fraud Investigation Service, the Council retained staff with expertise in the area of fraud investigations. This forms the Council's central / dedicated Fraud Team.

Fraud Team - Access to Information

- 3.3 In order to ensure robust arrangements are in place to investigate allegations of irregularity, the Council ensures that:
- Fraud Officers have unrestricted access to staff, premises and documents for the purposes of counter fraud, bribery and corruption work;
 - Fraud Officers are professionally trained and accredited members of staff; and
 - If internal auditors support counter fraud work they must be led by a member of the Fraud team.
 - If human resources support counter fraud work they must be led by a member of the Fraud team.
- 3.4 The work of the Fraud team covers all areas of counter fraud work and can be split into 3 distinct categories:

1. Risk Assessment

- 3.5 Undertake and continuously review the Council's Fraud, Bribery & Corruption Risk Assessment.
- 3.6 Fraud, Bribery & Corruption risk identification is essential to understand specific (potential) exposures to risk, changing patterns in potential threats and the potential consequences to the organisation and its service users.
- 3.7 In order to deliver a robust approach to preventing and detecting potential risk exposure, the Council is required to assess and understand the scope of potential fraud, corruption & bribery risks across the Council. In order to deliver this responsibility, a risk assessment is used as the basis to formulate a programme of counter fraud work which is summarised and communicated in a 'Fraud Risk Action Plan'.
- 3.8 This will be reported to the Council's Audit Committee and will reflect the required resources mapped to risks associated with potential fraud, bribery & corruption.

Anti-Fraud, Bribery & Corruption Strategy

- 3.9 It is the Council's intention that fraud resources are assessed proportionately to the risks the Council faces and are aligned to the outcomes of the risk assessment which are summarised in a 'Fraud Risk Action Plan'.

2. Advisory work (aligned to the outcome of the risk assessments)

- 3.10 The first line of defence is to proactively seek to prevent and detect fraud, bribery & corruption.
- 3.11 The Fraud Risk Action Plan records the outcome of the risk assessment for all services i.e. it shows those that are assessed as potentially High, Medium & Low.
- 3.12 The Fraud Risk Action Plan will record where the resources of the Fraud Team are to be deployed in order to work with relevant Service Areas with the aim of reviewing arrangements and if appropriate, recommending preventative and detective controls.

3. Investigatory & Reporting Work

- 3.13 On receipt of a referral the investigating officer will conduct a thorough investigation based upon the following:
- The matter will be dealt with promptly;
 - Evidence will be lawfully obtained and professionally presented, regardless of whether the anticipated outcome of an investigation is a disciplinary hearing, civil action or criminal proceedings;
 - Officers will record and make secure all evidence that has been received and ensure that it is sound and adequately supported;
 - Where appropriate, contact other agencies; and
 - Where appropriate, arrange for the notification of the Council's insurers.
- 3.14 Any weaknesses revealed by instances of proven fraud, bribery or corruption will be fed back to Management via a formal report that will include recommendations for improvement. The report will be circulated to relevant Senior Management and the Council's Internal Audit Service.
- 3.15 Asset recovery and civil recovery will be considered in all cases.
- 3.16 In consultation with the Council's Communications Service, successful cases of proven fraud/corruption will be publicised to raise awareness and act as a deterrent.

Audit Committee & Senior Leadership Team - Reporting Arrangements

- 3.17 Throughout the year, statistics will be kept by the Fraud Team and reported to the Council's Senior Leadership Team and Audit Committee which covers all areas of activity along with the outcomes.

Anti-Fraud, Bribery & Corruption Strategy

- 3.18 An annual report of all activity undertaken by the Fraud Team (incorporating risk assessment work, advisory work and investigatory work) will be reported to the Council's Audit Committee.
- 3.19 In addition to the work undertaken, the annual report will include a completed self-assessment against the Fighting Fraud and Corruption Locally (FFCL) 2016 checklist.

Section 4

Reporting Concerns

- 4.1 Despite the best efforts of the Council in embedding effective internal control frameworks, instances of fraud are often discovered by chance or 'tip-off'. It is often the alertness of Elected Members, employees and the public that enables detection to occur.
- 4.2 The following section aims to provide clear guidance for raising concerns along with the response that individuals can expect from the Council in order to ensure that allegations are properly dealt with.

Concerns will be treated in confidence, properly investigated and dealt with fairly

- 4.3 The Council encourages concerns in respect of potential irregularity to be raised in writing via the '[Report it](#)' section of the Council's Website. Individuals should include as much information as possible such as relevant dates, incidents and witnesses. If access to the Internet is not possible:
- Letters can be sent to the Fraud Team
Rhondda Cynon Taf County Borough Council,
Operational Finance - Fraud Team,
Bronwydd House
Porth,
CF39 9DL
 - Or
 - Contact the Fraud Team on 01443 680507
- 4.4 If any of the above is not the preferred method then individuals are encouraged to contact their [Local Councillor](#).
- 4.5 The earlier an individual expresses a concern, the greater the opportunity to take appropriate action.
- 4.6 In order to ensure the integrity of any potential investigation, initial enquiries and a risk assessment will be made to decide whether an investigation is appropriate.
- 4.7 Concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 4.8 Whilst anonymous reports will be acted upon, individuals are encouraged to leave their contact details in order for an investigating officer to make contact and address any supplementary information that may be required.

Anti-Fraud, Bribery & Corruption Strategy

- 4.9 Following receipt of information a co-ordinated and appropriate investigation will be undertaken to ensure:
- Consistent treatment of information regarding fraud, bribery and corruption;
 - A proper investigation by independent, experienced and qualified officers takes place; and
 - The optimum protection of the Council's interests.
- 4.10 Depending on the nature and anticipated extent of the allegations, the investigating officer may work closely with, for example, Management, Human Resources, Internal Audit and/or Legal Services.
- 4.11 Where financial impropriety is discovered, the Council's presumption is that referral to the Police will be given due consideration, based on the facts of the individual case. The Crown Prosecution Service determines whether or not a prosecution will be pursued. All referrals to the Police will be discussed with the Chief Executive and the Group Director, Corporate & Frontline Services. Potential criminal proceedings will not inhibit action under the Council's disciplinary procedure (if the incident relates to an employee).

Whistleblowing Policy & Procedure

- 4.12 The Council's Whistleblowing Policy & Procedure gives advice for workers on how to raise a concern, as well as providing information on the safeguards and support that are available to those who raise concerns.
- For the purpose of the Whistleblowing Policy & Procedure, 'workers' refers to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council i.e. employees, contractors and suppliers; and
 - Workers are encouraged to report any concerns via the Council's Whistleblowing arrangements; however they are also able to report concerns via the Council's Anti-Fraud, Bribery & Corruption arrangements.
- 4.13 There is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter (if raised by workers).

Section 5

Conclusion

- 5.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud, bribery and corruption. It is determined that these arrangements will keep pace with any future developments, in both prevention and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.
- 5.2 To this end, the Council maintains a continuous review of such arrangements through its Senior Leadership Team and policies and procedures. This Strategy will be subject to regular review to ensure it remains fit for purpose.
- 5.3 In the event that individuals wish to raise a concern outside of the arrangements described in this document, they are reminded that the following points of contact are available:
- The External Auditor (Wales Audit Office). The Wales Audit Office can be contacted on telephone number 01443 680349;
 - Relevant professional bodies or regulatory organisations e.g. Inland Revenue or Health & Safety Executive; and
 - The Police via Action Fraud (0300 123 2040).

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Audit Committee - 27th November 2017
Anti-Fraud, Bribery & Corruption Strategy

Appendix A - Roles & Responsibilities

Role	Responsibilities
Chief Executive	Ultimately accountable for setting the tone and culture of the organisation in respect of a zero tolerance culture. Accountable for the effectiveness of the Council's arrangements for countering fraud, bribery and corruption.
Leader & Cabinet Members	Responsible for setting the tone and culture of the organisation in respect of a zero tolerance culture.
Group Director, Corporate & Frontline Services	To ensure the Council has adopted an appropriate anti-fraud strategy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit Service to deliver assurance.
Monitoring Officer and Director of Legal & Democratic Services	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. The Director of Legal & Democratic Services is the appointed Monitoring Officer. Part of this role has overall responsibility for the maintenance and operation of the Codes of Conduct set out in the Constitution.
Audit Committee	Statement of Purpose The purpose of the Audit Committee is to monitor the adequacy of the risk management framework and the associated control environment; provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process. Specific responsibilities in the Terms of Reference for Audit Committee states: K. Receive ad hoc reports on any significant matters involving fraud, theft or other appropriate matters in breach of the Authority's Financial Procedure Rules and Contract Procedure rules, as part of the development of an anti-fraud culture. M. Promote and review any measures designed to raise the profile of probity within the Authority.
Standards Committee	Promotes and maintains high standards of Member conduct and assists Members in observing the Code of Conduct. Terms of Reference (relevant section) A. Promoting and maintaining high standards of conduct by Councillors, co-opted Members and Church and Parent Governor representatives.

Audit Committee - 27th November 2017
Anti-Fraud, Bribery & Corruption Strategy

Elected Members	<p>To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.</p> <p>Elected Members are an important element in the Council’s stance on fraud, bribery and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with the Council’s activities.</p>
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Supporting the evaluation for potential fraud.
Fraud Team	<p>Responsible for the delivery of the Council’s Anti-Fraud, Bribery & Corruption Strategy, including the measures in place to acknowledge, prevent and pursue fraud and corruption activity.</p> <p>Provide a dedicated point of contact to report a suspected fraudulent activity.</p> <p>This also includes the co-ordination role in the National Fraud Initiative (NFI).</p>
Directors, Heads of Service and Service Managers	<p>Manage and mitigate the risk of fraud and corruption. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Corporate Fraud Team. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyse the outputs from the matching exercise and take appropriate action.</p>
Employees	<p>Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through well established ‘whistleblowing’ procedures. Employees are expected to adhere to the Employee Code of Conduct, Financial Procedure Rules and Contract Procedure Rules. It is the responsibility of all workers of the Council to prevent and detect fraud, bribery and corruption.</p>
Appointed Suppliers & Contractors	Responsible for adopting the tone and culture of the Council in respect of a zero tolerance culture and reporting allegations of irregular activity in line with the recommended approach as set out in this document.

APPENDIX B – Definitions

What is fraud?

The **Fraud Act 2006** details the legal definitions of fraud and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.

For the purposes of this document fraud is defined as: the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.

The definition covers various offences including: deception, forgery, theft, misappropriation, collusion and misrepresentation.

What is corruption?

Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets, meals.

The Bribery Act 2010

The Bribery Act 2010 is designed to combat bribery and corruption. Under the 2010 Act it is an offence for an individual or organisation to offer, promise or give a bribe as well as to request, agree to receive or accept a bribe.

Bribery is defined as the giving or taking of a reward in return for acting dishonestly and/or in breach of the law. There are four possible offences:

- Bribing another person - the offering, promising or giving financial reward to induce to perform a relevant function or activity improperly;
- Receiving a bribe - the accepting of, agreeing to accept or requesting of a reward in return for performing a relevant function or activity improperly;
- Bribing a foreign public official - to offer or give a financial advantage to a foreign public official with the intention of influencing the official or obtaining or retaining business, where the official is neither permitted nor required by written law; and
- Corporate offence of failing to prevent bribery - if an organisation fails to stop people who are acting on its behalf from being involved in bribery.

Further guidance is available from the Ministry of Justice to explain to organisations what action is required to ensure they are compliant.

In addition to the above, Facilitation Payments are a form of bribery made with the purpose of expediting or facilitating the performance by an overseas public official of a routine governmental action to obtain or retain business or any other undue advantage. Facilitation payments differ from outright bribery and corruption. In some countries, it may be considered normal to provide small unofficial payments under certain circumstances, although this practice is illegal in most countries.

What is theft?

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles, data.

Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or Elected Members whilst on Council property.

What is money laundering?

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. All employees are instructed be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Money Laundering Strategy.

Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then advice must be sought. Officers should seek the advice from management, Internal Audit or the Corporate Fraud Team. The Council's Money Laundering Reporting Officer (MLRO) is Paul Nicholls (Head of Legal - Litigation, Planning & Environment, Community & Children's Services).

Audit Committee - 27th November 2017
Anti-Fraud, Bribery & Corruption Strategy

Appendix 2 – Anti-Fraud, Bribery & Corruption Risk Assessment Template

	Procurement / Contract Management		Access to Information		Methods of spending money & Access to cash		Selling / Transferring Council Assets		Purchasing Assets		Grants		Licenses & Permits		Regulations and / or Legislation		Instigating Legal Action		Planning Consent		Awarding of welfare benefits (Housing Benefit / Council Tax Reduction)		Awarding of discounts/exemptions from Revenue charges		Insurance Claims		
	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	Gross Risk	Net Risk	
	Does the service enter into or manage contracts with any external organisations?		REFER TO THE INFORMATION CLASSIFICATION		Does the Service have a Purchase Card? Do members of staff within the Service have access to Cash? • Either Council money or that of clients / customers of the Council?		Does the Service have any involvement / responsibility for overseeing the disposal, sale or community transfer of any of the Council's Assets?		Does the Service have any involvement / responsibility for overseeing the purchase of capital assets on behalf of the Council?		Does the service oversee the assessment and/or award of grant funding to external stakeholders?		Is the service responsible for awarding and/or reviewing licenses and/or permits on behalf of the Council?		Does the Service have any responsibility for undertaking inspections that relate to compliance with regulations and/or legislation?		Does the Service have any responsibility for recommending and/or taking legal action against individuals, either civil or criminal?		Does the service have responsibility for recommending and/or awarding planning consent?		Does the Service have any responsibility for the administration and award of welfare benefits?		Does the Service have any responsibility for determining any reductions in either Council Tax or National Non-Domestic Rate charges?		Does the service administer insurance claims received against the Council?		
SERVICE AREA																											

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APPENDIX 3 – Fighting Fraud and Corruption Locally 2016–2019 checklist



2016-19 Checklist

A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. It should aim to create a transparent process and report the results to the corporate management team and those charged with governance.

You are encouraged to use this checklist to measure your counter fraud and corruption culture and response.

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and this checklist.
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent whistle-blowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.

Supported by:



2016-19 Checklist

- Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery is considered in all cases.
- There is a zero tolerance approach to fraud and corruption which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.
- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.
- There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.
- The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.
- The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:
 - surveillance
 - computer forensics
 - asset recovery
 - financial investigations.
- Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.

Good Practice Bank

Visit: www.cipfa.org/fightingfraudlocally to register for free access to the Fighting Fraud and Corruption Locally online resources.

Sharing your good practice

Email: counterfraudcentre@cipfa.org to share your examples of recent prosecutions, campaigns or tactics with other local authorities via the Good Practice Bank.

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