



FIGHTING FRAUD LOCALLY FRAUD STRATEGY FOR LOCAL GOVERNMENT SELF ASSESSMENT

Attached is a voluntary checklist from the Fighting Fraud Locally document, for Local Authorities to use as a standard to measure themselves against when creating an effective counter fraud culture and response.

This checklist was compiled by the National Fraud Authority for the Fighting Fraud Locally Board.

These requirements are being built into the Counter Fraud Service Strategy that is currently being developed to start in October 2012. This will be the fraud team's service plan covering the next 18 months.

Produced by the Head of Internal Audit and subject to annual review

- CORPORATE MANAGEMENT TEAM: SEPTEMBER 2012
- AUDIT COMMITTEE: SEPTEMBER 2012

APPENDIX 1: FIGHTING FRAUD LOCALLY SELF ASSESSMENT

REQUIREMENTS DEFINED BY LG FRAUD STRATEGY	ASSESSMENT	CURRENT STATUS
1		
<p>The Council has:</p> <ul style="list-style-type: none"> • made a proper assessment of its fraud and corruption risks 	Part Met	<p>A more structured work programme is currently being built around all the nationally identified local authority fraud risks.</p> <p>There is also have an assessment of the fraud related risk each service area is exposed to taking into factors like spend, volume of activity. In broad terms the categories cover invoice related, income related, contract or procurement, bribery or corruption, theft, false applications and inappropriate behaviour type risks. This can be used to help determine whether proactive fraud work would be applicable and if so what the focus should be.</p> <p>Services should consider fraud risks when producing the risk registers that support their service plans.</p>
<ul style="list-style-type: none"> • an action plan to deal with them 	Part Met	<p>The annual fraud action plan has always included some work targeted at specific fraud risk areas. The Internal Audit plan has also included proactive fraud work from time to time.</p> <p>This intelligence will be brought together in a more structure format so there is more coherence to the annual Anti Fraud Service Strategy.</p>
<ul style="list-style-type: none"> • regularly reports this to its senior board and its members. 	Met	<p>Corporate Management Team (CMT) and the Audit Committee (AC) receive regular reports on the delivery of the annual Anti Fraud & Corruption Action Plan and the Internal Audit Plan.</p>
2		
<p>The Council has undertaken:</p> <ul style="list-style-type: none"> • an assessment against the risks in Protecting the Public Purse 	Met	<p>An assessment was completed against this and reported to CMT and the AC January 2010. All these risks are relevant to us and will be part of the Anti Fraud Service Strategy going forward.</p>

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	<ul style="list-style-type: none"> horizon scanning of future potential fraud risks. 	Part Met	<p>Once we become aware of new activities or changes to current activities, we would consider the fraud risks.</p> <p>Some new risks to be considered include public health, trading companies, working with volunteers / charity sector and issues arising from the localism agenda.</p>
3	<p>There is an annual report to the Audit Committee or equivalent detailing an assessment against the Local Government Strategy Fighting Fraud Locally and this checklist.</p>	Met	<p>A report will be produced on an annual basis.</p>
4	<p>There is a counter fraud and corruption strategy applying to all aspects of the Council's business which has been:</p>	Met	<p>There is a corporate Anti Fraud & Corruption Policy and Strategy that has been approved by CMT and the AC which was updated in June 2011.</p>
	<ul style="list-style-type: none"> communicated throughout the Council 	Met	<p>Briefing notes on the new policies were distributed to Group Managers in Oct 2011 for discussion at team meetings and acknowledgements were received that this had been done.</p> <p>A briefing note was sent to all members in February 2012.</p>
	<ul style="list-style-type: none"> acknowledged by those charged with governance. 	Met	<p>See note 4 above.</p>
5	<p>The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	Met	<p>The Anti Fraud & Corruption Core Framework & Action Plan covers these activities.</p>

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6	The risk of fraud and corruption is specifically considered in the Council's overall risk management process.	Met	The risk management framework requires that fraud is a risk that should be considered at every level where a risk register is produced.
7	Fraud staff are consulted to fraud proof new policies, strategies and initiatives across Departments. This is reported upon to Committee.	Not Met	This is an area that needs to be further developed going forward.
8	The Council has put in place:		
	<ul style="list-style-type: none"> arrangements to prevent and detect fraud and corruption 	Met	The Anti Fraud & Corruption Core Framework & Action Plan was approved by AC June 2011. This has been rolled forward into 2012/13 whilst the new Anti Fraud Service Strategy is being produced.
	<ul style="list-style-type: none"> a mechanism for ensuring this is effective and reporting this to Committee. 	Met	Progress made in implementing this was reported to CMT and the AC in September 2011, January & March 2012.
9	Arrangements have been put in place for monitoring compliance with standards of conduct across the Council covering:		
	<ul style="list-style-type: none"> codes of conduct including behaviour for counter fraud, anti-bribery and corruption 	Part Met	Reviews are underway of both the staff and member Codes of Conduct and they will be updated as required.

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	<ul style="list-style-type: none"> • register of interests 	Part Met	<p>The arrangements for members and senior staff re declarations of interest are well defined. With regard to all other staff, the arrangements are less defined.</p> <p>There is scope to strengthen the arrangements for all staff to declare gifts and hospitality and this will be considered going forward.</p>
	<ul style="list-style-type: none"> • register of gifts and hospitality. 	Part Met	
10	The Council undertakes:		
	<ul style="list-style-type: none"> • recruitment vetting of staff prior to employment by risk assessing posts 	Met	<p>Fraud risk checks are undertaken before a new employee is appointed and audited annually as part of the key financial systems audit work cover:</p> <ul style="list-style-type: none"> • Criminal Records Bureau check – if required • Whether the person has the right to work in the UK • References • Professional qualifications • Identification • Unspent convictions
	<ul style="list-style-type: none"> • checks to prevent potentially dishonest employees from being appointed. 	Met	
11	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business.	Met	See question 9.
	This is checked by auditors and reported to Committee.	Not Met	<p>This is not a routine part of the audit programme but may be included periodically if it is assessed as requiring review.</p> <p>This type of activity will be built into the Anti Fraud Service Strategy going forward.</p>

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12	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Part Met	Refer the Anti Fraud & Corruption Core Framework & Action Plan approved by AC June 2011.
13	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Met	Standard practice is for successful prosecutions to be: <ul style="list-style-type: none"> • sent to the local Evening Echo • included in 'Seaviews' the weekly publication to all members and staff.
14	There is an independent Whistleblowing Policy which:		
	<ul style="list-style-type: none"> • has been measured against the BSI 	Met	The Whistleblowing Policy was approved by AC June 2011 and complies with good practice guidance.
	<ul style="list-style-type: none"> • is monitored for take up 	Met	All disclosures reported are recorded in a register.
	<ul style="list-style-type: none"> • it can be shown that suspicions have been acted upon without internal pressure. 	No assessment	There have been very few centrally reported disclosures.
15	Contractors and third parties sign up to the Whistleblowing Policy and there is evidence of this.	Part Met	A paragraph is included in all contract documentation that goes through the Procurement Team.
	There is no evidence of discrimination for those who whistleblow.	No assessment	There have been very few centrally reported disclosures to comment on.
16	Fraud resources are assessed and adequately resourced.	Part Met	This will be considered as part of developing the Anti Fraud Service Strategy.

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17	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes.	Part Met	Refer the Anti Fraud & Corruption Core Framework & Action Plan approved by AC June 2011 and subsequent monitoring reports. This does not map resources to however this will be considered as part of the Anti Fraud Service Strategy.
	This plan covers:		
	<ul style="list-style-type: none"> • all areas of the Council's business 	Part Met	This needs to be more formally linked into the routine audit risk assessment process and take account of the fraud risk assessment undertaken of all services.
	<ul style="list-style-type: none"> • activities undertaken by Contractors and third parties 	Met	
	<ul style="list-style-type: none"> • voluntary sector 	Met	
18	Statistics are kept and reported by the Fraud Team which cover all areas of activity and outcomes, benchmarking where appropriate.	Met	The Corporate Fraud Investigation Team has always done this for housing benefit and council tax benefit fraud and is now doing this for other fraud as well. Such information is included in the quarterly progress reports to CMT and AC.
19	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Met	The Corporate Fraud Investigation Team has certain statutory powers that apply to housing benefit and council tax fraud. Statutory powers for corporate investigations are set out in the Local Government Act 1972 – Sections 151, 222 and 111. The Head of Internal Audit also has rights of access to property, people, information and records for audit purposes. The access rights of the Corporate Fraud Investigation Team will be set out in the Anti Fraud Service Strategy.

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20	There is a programme to publicise fraud cases internally and externally which is positive and endorsed by the Council's Communication Team.	Met	See question 13
21	All allegations of fraud and corruption are risk assessed.	Part Met	Benefit allegations are assessed based on whether they are likely to lead to sanctions so the team can meet their targets. Very few non benefit allegations received to date. However a risk assessment approach may need to be considered in due course.
22	The written fraud response plan covers all areas of counter fraud work: prevention, detection, deterrence, investigation, sanctions and redress.	Met	The Anti Fraud & Corruption Core Framework & Action Plan approved by AC June 2011 does cover all these areas although it is not structured in this format. Anti Fraud Service Strategy will be structured in this way.
23	The fraud response plan is:		
	<ul style="list-style-type: none"> linked to the Audit Plan 	Part Met	Not explicitly to date although there was a reference in the Audit Plan to the Anti Fraud & Corruption Core Framework & Action Plan. See Q10 as an example where a fraud risk was covered off by Internal Audit when the systems work was completed.
	<ul style="list-style-type: none"> communicated to senior management and members. 	Met	See question 8
24	Asset recovery and civil recovery is:		
	<ul style="list-style-type: none"> considered in all cases 	Met	Asset recovery can only be considered in cases that are prosecuted which have more than three offences charged against them.

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		Where a loss is identified the Council will pursue civil recovery on a case by case basis.
	<ul style="list-style-type: none"> • linked to a written sanctions policy. 	Met This is included in the Sanctions Policy.
25	There is a zero tolerance approach to fraud and corruption that is reported to Committee.	Met Anti Fraud & Corruption Policy approved by CMT and the AC June 2011.
26	There is a programme of proactive counter fraud work which covers risks identified in assessment.	Met See question 1
27	The Fraud Team:	
	<ul style="list-style-type: none"> • works jointly with other enforcement agencies 	Met Where this is needed, particularly with the Department of Works and Pensions, Police and other Local Authorities.
	<ul style="list-style-type: none"> • encourages a corporate approach and co-location of enforcement activity. 	Part Met Internal Audit, the Corporate Fraud Investigation Team, the Employee Relations team, Legal Services and Accountancy do work closely together when needed and are continuing to develop these working arrangements. Consideration will be given to developing links with other enforcement activities in the Council as appropriate.
28	The Council shares data:	
	<ul style="list-style-type: none"> • across its own departments 	Not Met CMT and AC agreed in January 2010 with the principle of developing a data warehouse capacity and looking to develop the use of data matching and analytics but there have been insufficient resources to really progress this.

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		A post within the proposed joint team restructure has been earmarked to take the lead on this and move it forward.
	<ul style="list-style-type: none"> • between other enforcement agencies. 	Part Met Data is shared with the Audit Commission for its National Fraud Initiative and the Housing Benefit Matching Service.
29	Prevention measures and projects are undertaken using data analytics where possible.	Not Met See question 28
30	The Council actively takes part in the NFI and promptly takes action.	Met Appropriate departments assess and investigate matches when the data is released.
31	There are professionally trained staff for counter fraud work trained by professionally accredited trainers using the Counter Fraud Accreditation Board.	Met All Corporate Fraud Investigation Team are appropriately trained and hold the relevant PINS accreditation.
	If other staff undertake counter fraud work they must be trained in this area.	Noted
32	The Fraud Team has adequate knowledge in all areas of the Council or is trained in these areas.	Part Met Corporate Fraud Investigation Team is experienced in investigating benefit fraud however has only recently started to undertake non benefit investigations. Further training is required to develop their understanding of financial procedures / contract procedure rules, financial processes / accounts as well as other key risk service activities.

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33 The Fraud Team has access (via partnership / other Local Authorities / or funds to buy in) where appropriate to specialist staff for:	Part Met	
<ul style="list-style-type: none"> • Surveillance 		Jointly with the Department of Works and Pensions
<ul style="list-style-type: none"> • Computer forensics 		Use of this is restrictive due to the costs involved
<ul style="list-style-type: none"> • Asset recovery 		From Department of Works and Pensions and Other Local Authorities
<ul style="list-style-type: none"> • Financial Investigations 		From Department of Works and Pensions and Other Local Authorities
34 Weaknesses revealed by instances of proven fraud and corruption are looked at and fed back to Departments to fraud proof systems.	Part Met	The approach adopted by Internal Audit to report on work done which includes an action plan that is agreed with the service areas and followed up as part of the normal quarterly reporting process, will be used by the Corporate Fraud Investigation Team going forward.