

APPENDIX 4 ANTI FRAUD & CORRUPTION GOVERNANCE FRAMEWORK

GOOD PRACTICE ELEMENTS	SELF ASSESSMENT	ACTIONS REQUIRED	ACTION DATE	LEAD
UNDERSTANDING THE RISKS				
<p>The Council has made a proper assessment of its fraud and corruption risks and:</p> <ul style="list-style-type: none"> • has an action plan to deal with them • regularly reports on this to its senior board and members (FFL1). 	<p>The high fraud risk areas for local government are identified in all the national publications.</p> <p>Work streams are being developed to cover all of these areas over the next few years.</p> <p>Progress in delivering this work is reported periodically to Corporate Management Team (CMT) and the Audit Committee (AC).</p>	<p>Identify a fraud risk assessment methodology that can be applied across the Council.</p>	<p>Sept 2013</p>	<p>Counter Fraud Manager</p>
<p>The Council has undertaken horizon scanning of future potential fraud risks (FFL3).</p>	<p>There is currently no systematic process in place for doing this.</p> <p>Once we become aware of new activities or changes to current activities, we will consider the risks.</p> <p>Some new areas that need to be understood and risk assessed include:</p> <ul style="list-style-type: none"> • public health • trading companies • where we are working with volunteers / charity sector • the impact of the localism agenda • the new welfare reforms. 	<p>See above</p>	<p>See above</p>	<p>See above</p>
<p>The risk of fraud and corruption is specifically considered in the Council's overall risk management process (FFL6).</p>	<p>The risk management framework requires that fraud is a risk that should be considered at every level where a risk register is produced.</p>	<p>None</p>		

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There are risk assessment methodologies in place to identify activities that are potentially high risk concerning:	High risk services <ul style="list-style-type: none"> • were assessed in 2011 • received training in 2012. 	Confirm the continued relevance of these risk assessments as part of the 2013/14 planning exercise.	March 2014	Counter Fraud Manager
<ul style="list-style-type: none"> • money laundering 	Yes			
<ul style="list-style-type: none"> • bribery. 	Yes			
POLICIES AND STRATEGIES				
There is a zero tolerance approach to fraud and corruption that is reported to Committee (FFL25).	A zero tolerance approach is declared in the Anti Fraud and Corruption Policy which has been approved by CMT and the AC June 2011 and updated in February 2013.	None		
There is a counter fraud and corruption strategy applying to all aspects of the Council's business which has been:	The policy was subject to a fundamental review and then approved by CMT and AC in June 2011. It has been updated in January 2013 to include references to all school staff and governors.	Present to CMT and AC in March 2013 for approval. Ascertain the actions required to get schools to adopt the policy.	March 2013	Counter Fraud Specialist JN
<ul style="list-style-type: none"> • communicated throughout the Council 	The policy was distributed with a briefing note in Oct 2011 for discussion at team meetings. Acknowledgements were received that this had been done.	Embed the policy within the 'Scheme for Financing Schools'. Highlight this to them and provide the induction leaflet for officers and governors for them to share.	March 2013	Counter Fraud Specialist JN

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	A briefing note was sent to all Members in Feb 2012.	None		
	A briefing note is included in both member and officer induction packs. This was last reviewed January 2013.	None		
	Standard fraud posters and leaflets are available throughout the council and the borough. Last redesigned Autumn 2012.	None		
	There is a standard on-line awareness raising training module.	Check the on-line training module is still fit for purpose. Make the on-line training module available to members, schools, South Essex Homes and other local councils.	June 2013	Counter Fraud Specialist JN
<ul style="list-style-type: none"> acknowledged by those charged with governance (FFL4). 	Each time the policy is updated it is taken to CMT and AC to approve.	None		
There is an independent Whistleblowing policy which:	The policy was subject to a fundamental review and then approved by CMT and AC in June 2011. It has been updated in January 2013 to include references to all school staff and governors.	Present to CMT and AC in March 2013 for approval. Ascertain the actions required to get schools to adopt the policy.	March 2013	Counter Fraud Specialist JN
		Make schools aware of the contents of the Policy.	June 2013	

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<ul style="list-style-type: none"> has been measured against the British Standards Institute 	It complies with good practice guidance.	None		
<ul style="list-style-type: none"> is monitored for take up 	The Counter Fraud Team maintains a register on behalf of the Head of Legal & Democratic Services.	None		
<ul style="list-style-type: none"> it can be shown that suspicions have been acted upon without internal pressure (FFL14). 	There have been no centrally reported disclosures in the last few years.	Refer annual awareness raising campaigns.		
There is no evidence of discrimination for those who whistle blow (FFL15).				
Contractors and third parties sign up to the Whistleblowing Policy and there is evidence of this (FFL16).	There is a standard paragraph included in all contract documentation that goes through the corporate procurement team. This was last reviewed January 2013.	None		
	It is unclear whether this is the case for contracts or other types of agreements arranged by services.	Ascertain how to ensure services build the same paragraphs into service let contracts or agreements.	June 2013	Counter Fraud Specialist JN
The Council also maintains a policy and strategy covering money laundering .	The policy was subject to a fundamental review and then approved by CMT and AC in June 2011. It has been updated in January 2013 to include references to all school staff and governors.	Present to CMT and AC in March 2013 for approval. Ascertain the actions required to get schools to adopt the policy.	March 2013	Counter Fraud Specialist JN

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Relevant staff are made aware of this policy and are trained in its application.	Based on the results of the risk assessment, the relevant teams had refresher training in 2012.	Reassess the need for training every two years. Next review early 2014.		
		Make schools aware of the contents of the Policy.	June 2013	Counter Fraud Specialist JN
<p>The Council maintains a prosecution policy detailing all possible sanctions including asset recovery and civil recovery which is</p> <ul style="list-style-type: none"> • considered in all cases • linked to a written sanctions policy (FFL24). 	<p>The policy was subject to a fundamental review and then approved by CMT and AC in June 2011.</p> <p>It has been updated in January 2013 to include references to all school staff and governors.</p>	Present to CMT and AC in March 2013 for approval. Ascertain the actions required to get schools to adopt the policy.	March 2013	Counter Fraud Specialist JN
		Good practice would be to have guidance on how to apply the policy so there is a consistent approach to this across the Council.	Develop a practice note on implementing the prosecution policy.	
<p>The Counter Fraud Team is consulted to fraud proof new policies, strategies and initiatives across departments.</p> <p>This is reported upon to committee (FFL7).</p>	This does not happen currently.	Determine how to ensure new policies are reviewed for potential fraud risks.	Sept 2013	Head of Internal Audit
There are up to date codes of conduct for both staff and members.	The Members Code of Conduct was updated in April 2012 in line with new government guidance.	None		
	The staff Code of Conduct is being updated.	Complete the update of the staff Code of Conduct.	Sept 2013	HR Team Leader SG

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		Inform staff of its contents.	Sept 2013	
<p>Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and declarations of interest.</p> <p>This is checked by auditors and reported to committee. (FFL11).</p>	<p>Code of Conduct requires members to complete the relevant forms for declaring interests as well as gifts or hospitality annually and these are centrally held.</p> <p>Form last reviewed Jan 2013.</p> <p>External Audit review and report on this as part of the financial accounts audit.</p>	None		
	<p>Code of Conduct requires staff to declare interests as well as gifts or hospitality.</p> <p>The arrangements for doing this are currently being updated.</p>	<p>Develop electronic registers for staff to complete in both areas.</p>	June 2013	Counter Fraud Specialist JN
		<p>Clarify expectations re staff declaring interests and undertake relevant consultations.</p>	March 2013	
<p>Inform staff of the new arrangements.</p>	April 2013			
<p>The Constitution, Financial Procedure Rules and other relevant documents are consistent with these policies.</p>	<p>These need review in relation to the current policies in this area.</p>	<p>Amend where required and present to CMT for consideration.</p>	June 2013	Counter Fraud Specialist JN
<p>The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business (FFL5).</p>	<p>The framework is set out in the Local Code of Governance and the Codes of Conduct for Members and Staff.</p>	<p>See above re Codes of Conduct.</p> <p>The Local Code of Governance will be updated by June 2013.</p>		

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POLICY IMPLEMENTATION				
The Council has put in place:				
<ul style="list-style-type: none"> arrangements to prevent and detect fraud and corruption 	Refer to this action plan and the Counter Fraud Team service plan.	None.		
<ul style="list-style-type: none"> a mechanism for ensuring this is effective and reporting this Committee (FFL8). 	Counter fraud activity is reported to CMT and the AC periodically.	None.		
There is a dedicated Anti Fraud and Corruption online reporting mechanism for the Council.	The Council's internet site provides an online reporting mechanism for all types of fraud. The content of the web page was last reviewed January 2013.	None.		
Arrangements have been put into place for monitoring compliance with standards of conduct across the Council including:	Mapping the sources of assurance for this will be picked up as part of the exercise to respond to the updated guidance on Delivering Good Governance.	Clarify the sources of assurance available that Codes of Conduct are complied with.	Sept 2013	Corporate Director Support Services
<ul style="list-style-type: none"> codes of conduct including behaviour for counter fraud, anti bribery and corruption 				
<ul style="list-style-type: none"> register of interests 				
<ul style="list-style-type: none"> register of gifts and hospitality (FFL9). 				

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The Council undertakes:				
<ul style="list-style-type: none"> • recruitment vetting of staff prior to employment by risk assessing posts • checks to prevent potentially dishonest employees from being appointed (FFL10). 	<p>The recruitment function is contracted out which includes the responsibility for pre employment screening.</p> <p>Comparison between good practice guidance and the standard checks being undertaken by the contracted service is in progress.</p> <p>A work programme will be developed with a view to improving the standard checks being carried out when recruiting to help reduce the risk of fraud.</p>	<p>Decide whether any immediate action is required to get either the contractor or in-house staff to undertake the additional tasks.</p>	May 2013	Employee Relations, Group Manager HR Operational Services
	<p>Decide whether to include the additional tasks into the new contract specification if the service is re let.</p>	May 2013		
<p>Statistics are kept and reported by the Counter Fraud Team which cover all areas of activity and outcomes, benchmarking where appropriate (FFL18).</p>	<p>The Counter Fraud Team records statistics on all investigations and this information is included in the quarterly progress reports to CMT and AC.</p>	<p>Report each quarter on any action required by the Counter Fraud or Internal Audit Teams to mitigate fraud risks identified from investigations undertaken.</p>	From June 2013	Head of Internal Audit
	<p>Opportunities to benchmark Counter Fraud Team activity will be explored.</p>	<p>Identify useful and informative benchmarking criteria / sources for the Counter Fraud Service.</p>	Sept 2013	Head of Internal Audit
THE COUNTER FRAUD TEAM WORK PROGRAMME				
<p>Fraud resources are assessed and adequately resourced (FFL16).</p>	<p>An independent review was undertaken in 2011 of the structure and operational practices of the Counter Fraud Team. Some of the findings from this work are still being addressed. This work will be completed in 2013.</p>	<p>Complete work on fully implementing the revised structure and roles within the Counter Fraud Team.</p>	Sept 2013	Head of Internal Audit

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	<p>No action has been taken to formally reassess the adequacy of the Counter Fraud Specialist resource available in the team, as it was the government's intention for the new national fraud unit to be operation from 1 April 2013. At this point, some of the staff may be transferred into the employ of the Department of Works and Pensions.</p> <p>This has now been delayed until the 1 April 2014, although it is possible this target may also slip.</p>	<p>Assess adequacy of counter fraud resources and explore options to develop joint working with other councils.</p>	<p>March 2014</p>	<p>Head of Internal Audit</p>
<p>There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes (FFL17)</p>	<p>Various work streams are being developed for inclusion in the 2013/14 service plan.</p> <p>It will take account of the risks and requirements outlined below.</p>	<p>Finalise the Counter Fraud Team service plan for 2013/14.</p> <p>Present to CMT & AC for approval.</p>	<p>April 2013</p> <p>June 2013</p>	<p>Head of Internal Audit</p>
<p>This plan covers:</p>				
<ul style="list-style-type: none"> • all areas of the Council's business 				
<ul style="list-style-type: none"> • activities undertaken by contractors and third parties 				
<ul style="list-style-type: none"> • voluntary sector (FFL17). 				

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There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts (FFL12).	See above	See above	See above	See above
There is a programme of proactive counter fraud work which covers risks identified in the assessment (FFL26).	See above	See above	See above	See above
The written fraud response plan covers all areas of counter fraud work: prevention, detection, deterrence, investigation, sanction and redress (FFL22).	See above	See above	See above	See above
The fraud response plan is:	See above	See above	See above	See above
<ul style="list-style-type: none"> • linked to the Audit Plan 				
<ul style="list-style-type: none"> • communicated to senior management and members (FFL23). 				
There are professionally trained staff for counter fraud work trained by professionally accredited trainers using the Counter Fraud Accreditation Board (FFL31).	All counter fraud staff are appropriately trained and hold the relevant PINS qualification.	None		

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<p>The Counter Fraud Team has adequate knowledge in all areas of the Council or is trained in these areas (FFL32).</p>	<p>The Counter Fraud Team is experienced in investigating benefit fraud and has recently started to undertake non benefit related investigations.</p> <p>The team still need to further develop their expertise and understanding of non benefit type fraud risks.</p>	<p>Refer to performance appraisal documentation where learning and development needs are recorded.</p>		
<p>Counter Fraud Officers have unfettered access to premises and documents for the purposes of counter fraud investigation (FFL19).</p>	<p>The Counter Fraud Team has statutory powers that apply to housing benefit and council tax fraud.</p> <p>Statutory Powers for corporate investigation are set out in the Local Government Act 1972 – Section 151, 222 and 111.</p> <p>The Head of Internal Audit also has rights of access to property, people, information and records for audit purposes.</p>	<p>Include the rights of the Counter Fraud Team in the service plan.</p>	<p>April 2013</p>	<p>Head of Internal Audit</p>
<p>All allegations of fraud and corruption are risk assessed (FFL21).</p>	<p>Allegations received from HR have been risk assessed prior to referring to the Counter Fraud Team.</p> <p>Allegations received from other sources are assessed based on the information provided in the allegation.</p> <p>Internal background checks are carried out where appropriate to determine whether a full investigation should be considered.</p>	<p>Research risk assessment methods used by other Counter Fraud Teams with the aim to develop a more structure approach to this going forward.</p>	<p>Jan 2014</p>	<p>Counter Fraud Manager</p>

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Weaknesses revealed by instances of proven fraud and corruption are looked at and fed back to departments to fraud proof systems (FFL34).	<p>The approach adopted by Internal Audit is 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.</p> <p>This approach will be used by the Counter Fraud Team going forward.</p>	Develop the Counter Fraud Team's understanding of risk, control and assurance through training and on the job support.	March 2014	Senior Audit & Resources Manager / Head of Internal Audit
There is a programme to publicise fraud cases internally and externally which is positive and endorsed by the Council's Communication Team (FFL13 & 20).	<p>Standard practice is for successful prosecutions to be:</p> <ul style="list-style-type: none"> • sent to the local evening echo • included in 'seaviews' the weekly publications sent to all members and staff. 	None.		
WORKING CO-OPERATIVELY				
The Counter Fraud Team:				
<ul style="list-style-type: none"> • works jointly with other enforcement agencies 	This is the case where it is needed, particularly with the Department for Work and Pensions, Police and other Local Authorities.	None.		
<ul style="list-style-type: none"> • encourages a corporate approach and co-location of enforcement activity (FFL27) 	<p>Internal Audit, the Counter Fraud Team, the Employee Relations Team, Legal Services and Accountancy do work closely together when needed and are continuing to develop these working arrangements.</p> <p>Consideration will be given to developing links with other enforcement activities in the Council as appropriate.</p>	None immediately.		

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The Council shares data:				
<ul style="list-style-type: none"> across its own departments 	<p>CMT and AC agreed in January 2010 with the principle of developing a data warehouse capacity.</p> <p>There is a current work programme to develop this during 2013/14.</p>	Set up a project to develop data matching and the use of data analytics during 2013/14.	March 2013	Head of Internal Audit
<ul style="list-style-type: none"> between other enforcement agencies (FFL28). 	Data is shared with the Audit Commission for its National Fraud initiative and the Housing Benefit Matching service.	None		
Prevention measures and projects are undertaken using data analytics where possible (FFL29).	See above			
The Council actively takes part on the NFI and promptly takes action (FFL30).	With regard to the 2012 exercise, the data matches were received at the end of January 2013.	As in previous years, progress in dealing with the matches will be periodically reported to CMT and AC.		
There are appropriate fair processing notices on all application forms for services permitting data sharing for the prevention and detection of fraud.	An updated fair processing notice was sent to all Group Managers in January 2013.	Confirm responses received from all Group Managers.	March 2013	Counter Fraud Manager
		Set up database so relevant staff can access the information.	March 2013	Counter Fraud Manager

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The Counter Fraud Team has access (via partnership / other Local Authorities / or funds to buy in) where appropriate to specialist staff for:				
<ul style="list-style-type: none"> • surveillance 	Members of the Counter Fraud Team are trained in surveillance techniques and have access to static surveillance equipment through the Department for Work and Pensions for benefit investigations.	None.		
<ul style="list-style-type: none"> • computer forensics 	If specific skills are required, services would have to be bought in.	None.		
<ul style="list-style-type: none"> • asset recovery 	Recovery of assets would be considered during a financial investigation. This investigation would have to be conducted by a trained financial investigator either from The Department for Work and Pensions, Essex Police or another Local Authority.	None.		
<ul style="list-style-type: none"> • financial investigations (FFL33). 	<p>The Department for Work and Pensions have trained financial investigators whose services could be used for any relevant benefit investigations. In this instance, the Department would be entitled to a third of any money received through the financial investigation.</p> <p>For any corporate cases, Essex Police would be approached to conduct a financial investigation as required.</p>	None.		

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<p>The Council has undertaken an assessment against the risks contained in:</p> <ul style="list-style-type: none"> • Protecting the Public Purse (FFL2) • CIPFA, Managing the Risk of Fraud • ALARM, Managing the Risk of Fraud. 	<p>Last review January 2013.</p> <p>The Council is mostly compliant with the requirements of all three documents.</p> <p>Continued compliance will be assessed at least every two years.</p>	<p>Improvement opportunities identified from each review will be built into the annual Counter Fraud Team service plan.</p>		
<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 (FFLI4).</p>	<p>See report to CMT and the AC in either March or June each year.</p>	<p>This report was presented to CMT and the AC in March 2013.</p>	<p>Complete for 2012/13.</p>	<p>Head of Internal Audit.</p>

Source: Fighting Fraud Locally (FFL), The Local Government Fraud Strategy