

APPENDIX 3: ANTI FRAUD & CORRUPTION GOVERNANCE FRAMEWORK (FIGHTING FRAUD LOCALLY)

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>As part of the audit planning process, all Council activities have been risk assessed, which includes identifying fraud risk. This information will also be used by the Counter Fraud & Investigation Team (CF&I).</p> <p>The high fraud risk areas for local government are identified in all the national publications.</p> <p>The Corporate Counter Fraud Plan approved by the Audit Committee in March 2014 covers all these areas.</p> <p>Progress in delivering this work is reported periodically to Corporate Management Team (CMT) and the Audit Committee (AC).</p>	None		
<p>The Council has undertaken horizon scanning of future potential fraud risks (FFL3).</p>	<p>Regular meetings are held with the Corporate Directors, where new potential risks will be identified.</p> <p>Other regular newsletters are monitored and working attended that also highlight new potential risks.</p> <p>Once new activities or changes to current activities are identified, the potential risks will be considered.</p>	None		
<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>Review and if necessary update the corporate risk management arrangements to make explicit the need to assess fraud potential risks.</p>	<p>March 2015</p>	<p>Good Governance Group</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. 	Undertake a new risk assessment exercise. Determine whether any additional action or refresher training is required to meet the statutory requirements once the risk assessment has been undertaken.	August 2014	Counter Fraud & Investigations 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 updated and approved by: <ul style="list-style-type: none"> • CMT and the AC in March 2013 • Cabinet in June 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 was updated in March 2013 to include references to all school staff and governors.	None		
<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 from all Group Managers that this had been done. The requirement for schools to adopt this has been included in the 'Scheme for Financing Schools'. It is available on the internet and Southend Learning Network.	Produce a briefing note for Headteachers outlining what is required of them to roll this policy out in their school. Provide a pack of basic information for schools to use, e.g. induction sheets, posters / leaflets.	August 2014	Counter Fraud & Investigations Manager

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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.	Ensure information contained in the member induction pack is up to date. Consider whether training is required for new members.	August 2014	Counter Fraud & Investigations Manager
	Standard fraud posters and leaflets are available throughout the Council and the Borough. Last redesigned Autumn 2012. If the longer term working relationship with Thurrock Council is confirmed, posters and leaflets will be updated with a common reporting line for all those using the service.	None at present		
	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.	March 2015	Counter Fraud & Investigations Manager
<ul style="list-style-type: none"> • acknowledged by those charged with governance (FFL4). 	Each time the policy is updated it is taken to CMT, AC and, where necessary, Cabinet to approve.	None		

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<p>There is an independent Whistleblowing policy which:</p>	<p>The policy was subject to a fundamental review and then approved by CMT and AC in June 2011.</p> <p>A schools version of the Council's policy was produced in March 2013.</p> <p>The requirement for schools to adopt this is included in the 'Scheme for Financing Schools'.</p> <p>It is available on the internet and Southend Learning Network.</p>	<p>See above about communicating the Anti Fraud and Corruption Policy and Strategy.</p>		
<ul style="list-style-type: none"> • has been measured against the British Standards Institute 	<p>Yes and it complies with good practice guidance.</p>	<p>None</p>		
<ul style="list-style-type: none"> • is monitored for take up 	<p>The Counter Fraud & Investigations team maintains a register on behalf of the Head of Legal & Democratic Services.</p>	<p>None</p>		
<ul style="list-style-type: none"> • it can be shown that suspicions have been acted upon without internal pressure (FFL14). 	<p>There have been no centrally reported disclosures in the last few years.</p>	<p>Refer awareness raising campaigns.</p>		
<p>There is no evidence of discrimination for those who whistleblow (FFL15).</p>				

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Contractors and third parties sign up to the Whistleblowing Policy and there is evidence of this (FFL16).	<p>There is a standard paragraph included in all contract documentation that goes through the Corporate Procurement Team.</p> <p>This was last reviewed January 2013.</p>	None		
	<p>It is unclear whether this is the case for contracts or other types of agreements arranged by services.</p>	<p>Ascertain how to ensure services build the same paragraphs into service let contracts or agreements as part of the Contract Management Framework review being undertaken in 2014/15.</p>	March 2015	Counter Fraud & Investigations Manager / Head of Internal Audit
<p>The Council also maintains a policy and strategy covering money laundering.</p>	<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 March 2013 to include references to all school staff and governors.</p> <p>The requirement for schools to adopt this is included in the 'Scheme for Financing Schools'.</p> <p>It is available on the internet and Southend Learning Network.</p>	None		
<p>Relevant staff are made aware of this policy and are trained in its application.</p>	<p>Based on the results of the risk assessment, the relevant teams had refresher training in 2012.</p>	<p>Update the risk assessment and reassess the need for training.</p>	August 2014	Counter Fraud & Investigations Manager
		<p>Deliver refresher training as required.</p>	March 2015	

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<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 March 2013 to include references to all school staff and governors.</p> <p>The requirement for schools to adopt this is included in the 'Scheme for Financing Schools'.</p> <p>It is available on the internet and Southend Learning Network.</p>	None		
<p>The Counter Fraud & Investigations team is consulted to fraud proof new policies, strategies and initiatives across departments.</p> <p>This is reported upon to committee (FFL7).</p>	This is not done nor is it practical.	None.		
<p>There are up to date codes of conduct for both staff and members.</p>	<p>The Members Code of Conduct was updated in September 2012 in line with new government guidance.</p>	None		
	<p>The staff Code of Conduct is being updated.</p> <p>Any action required to progress this will be considered by the Good Governance Group.</p>	<p>Complete the update of the staff Code of Conduct.</p> <hr/> <p>Develop a programme of activities to raise staff awareness of the requirements of the Code of Conduct.</p>	24 July 2014 meeting	Good Governance Group

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<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. The form was 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>Any action required to progress this will be considered by the Good Governance Group.</p>	<p>Set out how the declarations of interest, hospitality and gifts arrangement will operate for staff.</p>	24 July 2014 meeting	Good Governance Group
		<p>Undertake relevant consultations on the proposals.</p>		
		<p>Develop electronic registers for staff to complete in both areas.</p>		
<p>Inform staff of the new arrangements.</p>				
<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>Any action required to progress this will be considered by the Good Governance Group.</p>	<p>Amend where required and present to CMT for consideration.</p>	24 July 2014 meeting	Good Governance Group

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The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business (FFL5).	<p>The framework is set out in the Local Code of Governance and the Codes of Conduct for Members and Staff.</p> <p>The Local Code of Governance was last considered by the AC in Sept 2013 and approved by Cabinet on 5 November 2013.</p>	See above re Codes of Conduct.		
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 Corporate Counter Fraud Plan.	None.		
<ul style="list-style-type: none"> • a mechanism for ensuring this is effective and reporting this to Committee (FFL8). 	<p>Refer to this action plan and the Corporate Counter Fraud Plan.</p> <p>Counter fraud activity is reported to CMT and the AC periodically.</p>	None.		
There is a dedicated Anti Fraud and Corruption online reporting mechanism for the Council.	<p>The Council's internet site provides an online reporting mechanism for all types of fraud.</p> <p>The content of the web page was last reviewed January 2013.</p>	None.		
Arrangements have been put into place for monitoring compliance with standards of conduct across the Council including:	<p>For members, this is done by the Head of Legal & Democratic Services and the Standards Committee.</p> <p>The monitoring arrangements for staff will be reviewed once the Code of Conduct has been updated.</p>	Review current arrangements to ensure they are fit for purpose.	24 July 2014 meeting	Good Governance Group

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<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). 				
<p>The Council undertakes:</p> <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 and includes the responsibility for undertaking pre employment screening.</p> <p>A sample check of 30 files covering permanent and agency files has been undertaken.</p> <p>No significant issues were identified on permanent staff files.</p> <p>Action is being taken to tighten the arrangements in respect of the employment of agency staff.</p> <p>The specification for the new contract includes appropriate controls to mitigate this risk.</p>	None		
<p>Statistics are kept and reported by the Counter Fraud & Investigations team which cover all areas of activity and outcomes, benchmarking where appropriate (FFL18).</p>	<p>The Counter Fraud & Investigations team records statistics on all investigations and this information is included in the periodic progress reports to CMT and AC.</p>	None		

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THE COUNTER FRAUD & INVESTIGATIONS TEAM WORK PROGRAMME				
Fraud resources are assessed and adequately resourced (FFL16).	A limited resource assessment was undertaken when considering how the savings target for the Counter Fraud & Investigations team was to be met for 2014/15. Consideration is also being given to potential impact on the service of the government's creation of a new national fraud unit.	Monitor the situation as it develops.	Ongoing	Head of Finance & Resources
There is an annual fraud plan which is agreed by Committee and reflects resources mapped to risks and arrangements for reporting outcomes (FFL17)	A Corporate Counter Fraud Plan was approved by CMT and the AC in March 2014.	None		
This plan covers:				
<ul style="list-style-type: none"> • all areas of the Council's business 	All the high risk fraud activities identified in national publications are contained in the plan.			
<ul style="list-style-type: none"> • activities undertaken by contractors and third parties 	Contract and procurement fraud risks are also included in the plan.	Assess the potential fraud risk from other third parties and the voluntary sector.	Sep 2014	Counter Fraud & Investigations Manager
<ul style="list-style-type: none"> • voluntary sector (FFL17). 	This is not currently included in the plan.	Determine whether these fraud risks are significant enough to be included in the Corporate Counter Fraud Plan for 2014/15.		
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).	Refer Corporate Counter Fraud Plan	None		

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There is a programme of proactive counter fraud work which covers risks identified in the assessment (FFL26).	Refer Corporate Counter Fraud Plan	None		
The written fraud response plan covers all areas of counter fraud work: prevention, detection, deterrence, investigation, sanction and redress (FFL22).	The Anti Fraud and Corruption Policy and Strategy (June 2013) explicitly states this is the approach adopted to tackle fraud. This is also contained in the Corporate Counter Fraud Plan.	None		
The fraud response plan is:				
<ul style="list-style-type: none"> • linked to the Audit Plan 	There is now a clear link between the Counter Fraud & Annual Audit plans.	None.		
<ul style="list-style-type: none"> • communicated to senior management and members (FFL23). 	Corporate Counter Fraud Plan was approved by CMT and the AC in March 2014.	None		
There are professionally trained staff for counter fraud work trained by professionally accredited trainers using the Counter Fraud Professional Accreditation Board (FFL31).	All counter fraud staff hold the relevant PINS qualification. In order to operate more effectively and proactively against criminals, it is necessary to provide the team with some additional skills. These additional skills will return additional powers to recoup losses, as well as additional revenue for non-council 'crimes' proven by the same investigations.	Assess the skills gaps within the team. Develop a training programme to address this as part of the performance appraisal process.	July 2014 March 2015	Counter Fraud & Investigations Manager

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<p>The Counter Fraud & Investigations team has adequate knowledge in all areas of the Council or is trained in these areas (FFL32).</p>	<p>The Counter Fraud & Investigations team is experienced in investigating benefit fraud and has recently started to undertake non benefit related investigations.</p> <p>The Counter Fraud & Investigations Manager from Thurrock Council is experienced in investigating fraud in all areas of the Council's activities. This experience will be passed on in on the job training.</p>	<p>None</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 & Investigations team has statutory powers that apply to Housing Benefit, Council Tax and Housing Tenancy 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>None.</p>		
<p>All allegations of fraud and corruption are risk assessed (FFL21).</p>	<p>The team does not currently operate a formal risk assessment methodology.</p> <p>Allegations received from other sources are assessed based on the information provided in the allegation. Internal background checks are carried out, where appropriate, to determine whether a full investigation should be considered.</p>	<p>Implement a more formal risk assessment methodology.</p>	<p>Sep 2014</p>	<p>Counter Fraud & Investigations 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 Counter Fraud & Investigations team make recommendations at the end of an investigation, if necessary.</p> <p>The Counter Fraud & Investigations team work together with Internal Audit to follow up on weaknesses as part of the reporting processes in place.</p> <p>Action plans, once agreed with services, will be followed up as part of the normal quarterly reporting process.</p>	Develop the Counter Fraud & Investigations team's understanding of risk, control and assurance through training and on the job support.	Dec 2014	Counter Fraud & Investigations Manager / Senior Audit & Resources Manager
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 & Investigations team:				
<ul style="list-style-type: none"> • works jointly with other enforcement agencies 	The department has formal and informal national frameworks with law enforcement agencies and leads and assist with investigations with agencies such as HMRC, the Department for Work and Pensions, Police and other Local Authorities.	None		

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<ul style="list-style-type: none"> encourages a corporate approach and co-location of enforcement activity (FFL27). 	<p>Internal Audit, the Counter Fraud & Investigations 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		
The Council shares data:				
<ul style="list-style-type: none"> across its own departments 	<p>A data matching project was completed in 2013/14 with regards to financial systems.</p> <p>This will be developed in 2014/15 to other areas, with a view to transferring these skills to other staff.</p>	None		
<ul style="list-style-type: none"> between other enforcement agencies (FFL28). 	<p>Data is shared with the Audit Commission for its National Fraud initiative and the Housing Benefit Matching service.</p> <p>The department is now part of a joint criminal intelligence capability with Thurrock Council as a Home Office accredited intelligence service working to national guidelines and best practice.</p>	None		
Prevention measures and projects are undertaken using data analytics where possible (FFL29).	As above, the cross-borough intelligence function, which has the capability apply data analytics to investigations, is now in place.	None		

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The Council actively takes part in the NFI and promptly takes action (FFL30).	With regard to the 2012 exercise, data matches are being investigated by services and the results of this work is reported periodically to CMT and the AC.	None		
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, however a follow up exercise needs to be undertaken to ensure the records are complete. This requirement will be taken into account in a wider organisational context.	Obtain a response from all Group Managers setting out where fair processing notices are displayed and when they were displayed from.	24 July 2014 meeting	Good Governance Group
	Any action required to progress this will be considered by the Good Governance Group.	Set up a database on the intranet of all data sources where a notice is displayed and when from.	24 July 2014 meeting	Good Governance Group
<p>The Counter Fraud & Investigations team has access (via partnership / other Local Authorities / or funds to buy in) where appropriate to specialist staff for:</p> <ul style="list-style-type: none"> • surveillance • computer forensics • asset recovery • financial investigations (FFL33). 	<p>The fraud service at Thurrock Council has the skills / capabilities to provide all these specialist services.</p> <p>The joint working agreement with Thurrock Council, provides access these services and enable the Counter Fraud & Investigations team to provide a more comprehensive and effective service.</p>	None at present		

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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>An assessment has been completed of the Council's compliance with the criteria contained within the Audit Commission's Protecting the Public Purse 2013.</p> <p>Compliance with the other two documents has not been reviewed in the last few years.</p> <p>Improvement opportunities identified from each review will be built into the annual Corporate Counter Fraud Plan as required.</p>	Not at present		
<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>The annual report for 2013/14 will be presented to CMT and the AC in June 2014.</p>	None		

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