

## REVIEW OF ANTI-FRAUD POLICY – APPENDIX 5

### PURPOSE OF APPENDIX

- 1 The purpose of this Appendix is to show the results of the Council’s review against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption: Counter Fraud Assessment.

Principle	What should you look for	Evidence	Concl- usion	Actions required	Deadline & Who
<p><b>A. Acknowledge responsibility</b></p> <p><b>The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation</b></p>					
A1. The organisation’s leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to service users.	<p>Leaders taking the initiative: Public statements, spoken or written Current (i.e. in the last year) Frequency (how often is counter fraud on the agenda?) Specific (e.g. naming particular types of fraud, identifying the harm of fraud)</p>	<p>Reports: Annual report to Audit Committee on content of Anti-Fraud policy, number of cases, amounts recovered</p> <p>Newsletters: Desktop News</p> <p>Press Articles: prosecutions e.g. benefit fraud, right to buy fraud</p>	Met		
A2. The organisation’s leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	<p>Own code of governance (has CIPFA/SOLACE Addendum and updated guidance note (2012) been taken account of</p> <p>Local codes of conduct/ethical behaviour</p> <p>Evidence of awareness/training/guidance to reinforce ethical behaviour being <u>supported/promoted by leaders</u></p>	<p>Local Code of Governance updated December 2013 for CIPFA/SOLACE addendum &amp; guidance note</p> <p>Code of Conduct for Employees / Code of Conduct for Members (do not use term anti-corruption but make reference to 7 principles and stress need to avoid conflict of interest or acting to gain personal advantage).</p> <p>Anti-Bribery, Fraud and Corruption Policy</p> <p>Personal Qualities Framework – included in all annual assessments for staff</p>	Met		
A3. The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.	<p>Statement in Annual Governance Report</p> <p>Framework to manage fraud risks e.g. nomination of lead officer, delegated powers, budget.</p>	<p>Statement included in Annual Governance Report from 2014/15.</p> <p>Anti-fraud and corruption policy, lead officer identified, resources identified.</p>	Met		

Principle	What should you look for	Evidence	Conclusion	Actions required	Deadline & Who
A4. The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	<p>Goals/objectives, perhaps in the counter fraud strategy</p> <p>Goal is linked to risks, appropriate for organisation. E.g. specific to a particular fraud risk, include 'resilience to fraud'</p> <p>Consideration of opportunities for savings. Recognise that greater with some fraud risks than others</p>	Aims set out in Counter Fraud Strategy	Met		
<p><b>B. Identify risks</b>  <b>Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.</b></p>					
B1. Fraud risks are routinely considered as part of the organisation's risk management arrangements.	<p>Does your organisation's risk management policy include reference to risks arising from fraud and corruption and guidance on how the risks should be assessed?</p> <p>Are fraud risk assessments undertaken for significant new operations or changes to processes?</p>	<p>Risk management policy updated April 2016</p> <p>Detailed specific fraud &amp; corruption risk assessments completed summer 2016 and reviewed annually as part of service planning process.</p>	Met		
B2. The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework	<p>Does your organisation's guidance/statement on good governance values, behaviours, codes of conduct include explicit reference to counter fraud and avoidance of corruption?</p> <p>Are training &amp; awareness sessions undertaken to support the adoption of good ethical conduct by both staff and members of the governing body?</p>	<p>Code of Conduct for Employees includes explicit reference to counter fraud, anti-bribery and avoidance of corruption.</p> <p>Code of Conduct for Members includes explicit reference to seven general principles of conduct.</p> <p>Good ethical conduct is discussed as part of the Personal Qualities Framework in annual performance assessments conducted for all employees</p> <p>All newly elected members are required to attend training on the requirements of the Code of Conduct and the Member/Employee Protocol; this is a joint session with staff</p>	Met		

Principle	What should you look for	Evidence	Conclusion	Actions required	Deadline & Who
B3. The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.	<p>Does your organisation identify appropriate fraud loss estimates that are appropriate for its sector or fraud risk types? Do you use these to inform its fraud risk assessment?</p> <p>Does your organisation use published fraud loss data as a comparator for its own experience of fraud and to help quantify value of fraud prevention.</p>	<p>Annual review of anti-fraud and corruption activity to Audit Committee includes assessment of fraud loss.</p> <p>Protecting the Public Purse exercise organised previously by the Audit Commission published fraud loss data for comparator councils: this is reported to Audit Committee and used internally to help identify areas for additional scrutiny e.g. Right to Buy fraud</p> <p>Results of National Fraud Initiative used to guide activity.</p>	Met		
B4. The organisation evaluates the harm to its aims and objectives and services users that different fraud risks can cause.	As part of a fraud risk assessment it is made clear where the harm caused by fraud lies.	Fraud risk assessments complete	Met		
<p><b>C. Develop a strategy</b>  <b>An organisation needs a counter fraud strategy setting out its approach to managing its risks and identifying responsibilities for action.</b></p>					
C1. The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.		Strategy approved by Audit Committee September 2017	Met		
C2. The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.					
C3. The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.					

Principle	What should you look for	Evidence	Conclusion	Actions required	Deadline & Who
<p><b>D. Provide resources</b>  <b>The organisation should make arrangements for appropriate resources to support the corporate fraud strategy.</b></p>					
D1. An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk	<p>Assessment is:</p> <ul style="list-style-type: none"> <li>Evidenced</li> <li>Relates to strategy &amp; risk</li> <li>Covers all resource forms</li> <li>Capacity and capability</li> <li>Agreed by accountable officer</li> <li>Ideally, supported by analysis</li> </ul>	<p>Review of anti-fraud and corruption activity includes summary of activity.</p> <p>Corporate Anti-Fraud Officer post approved April 2015: recruitment May 2015: commencement in post June 2015.</p>	Met		
D2. The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.	<p>Look for:</p> <ul style="list-style-type: none"> <li>Capability – trained staff for investigation work</li> <li>Capability – access to specialist skills e.g. financial investigation</li> <li>Capability – audit, data analysis, risk management, training &amp; presentation delivery</li> <li>Capability – awareness of risks</li> </ul>		Met		
D3. The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	<p>Policies are in place to ensure that investigation staff are able to access the required information and staff to conduct the investigation. Protocols are in place to ensure that such access is proportionate and necessary.</p> <p>Access rights are in place covering outsourced activities, shared services and partnership arrangements so that an investigator is able to conduct appropriate enquiries.</p>	<p>Policies include access to info</p> <p>Access proportionate &amp; necessary: process requires consent of Assistant Director (Resources) or deputy</p> <p>Council's Standard Terms and Conditions of Contract require access to be granted to investigator to conduct appropriate enquiries.</p>	Met		
D4. The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	<p>What does the organisation have in place?</p> <ul style="list-style-type: none"> <li>Contracting arrangements</li> <li>Resourcing agreements</li> <li>Collaborative work</li> <li>Handling requests for assistance</li> </ul>	<p>Policies include access to info</p> <p>Access proportionate &amp; necessary: process requires consent of Assistant Director (Resources) or deputy</p> <p>Council's Standard Terms and Conditions of Contract require access to be granted to investigator to conduct appropriate enquiries.</p>	Met		

Principle	What should you look for	Evidence	Conclusion	Actions required	Deadline & Who
<p><b>E. Take action</b>  <b>The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.</b></p>					
<p>E1. The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes:</p> <ul style="list-style-type: none"> <li>• A counter fraud policy</li> <li>• A whistleblowing policy</li> <li>• An anti-money laundering policy</li> <li>• An anti-bribery policy</li> <li>• An anti-corruption policy</li> <li>• A gifts and hospitality policy and register</li> <li>• A pecuniary interest and conflicts of interest policy and register</li> <li>• Codes of conduct and ethics</li> <li>• An information security policy</li> <li>• A cyber security policy</li> </ul>	<p>Does the organisation have arrangements in place to ensure that all appropriate staff are aware of the policies and understand their responsibilities under the policy?</p>	<p>Anti-Bribery, Fraud and Corruption Policy approved by Audit Committee and Council December 2015, reviewed annually</p> <p>Whistleblowing Policy approved HR Committee July 2013; reviewed Audit Committee annually</p> <p>Anti-bribery, fraud and corruption policy includes expanded elements on bribery following Internal audit recommendations March 2015.</p> <p>Code of Conduct for Employees includes policy for gifts and hospitality: register maintained by Monitoring Officer. Annual report produced.</p> <p>Code of Conduct for Members and Co-opted Members of the Authority includes instructions on pecuniary interests and conflicts of interest: register published on website</p> <p>Code of Conduct for Employees and Members include ethics. For staff: Personal Qualities Framework</p> <p>Information Governance Framework approved 2015: also Data Protection Policy &amp; Data Breach Notification Protocol 2017 also Data Sharing Protocol, Records Retention Policy, Records Disposal Protocol</p> <p>Cyber security policy included in Information Security Policy</p>	<p>Met</p>		

Principle	What should you look for	Evidence	Conclusion	Actions required	Deadline & Who
E2. Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.	The effectiveness of the organisation's performance over the year is reviewed and an evaluation of its contribution to improving the organisations' overall resilience is found to be favourable.	Annual report to Audit Committee on Anti-fraud and corruption policy and activity	Met		
E3. Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	The organisation takes part in initiatives that will help it detect or prevent fraud.	Council participates in NFI exercises: all matches are checked and followed up as required  Annual report to Audit Committee on anti-fraud and corruption activity includes update on NFI progress.	Met		
E4. Providing for independent assurance over fraud risk management, strategy and activities.	Results of internal audit or consultants reports and any recommendations are reported to the audit committee.	Internal audit report Counter Fraud Measures March 2015  Reasonable assurance  Reported Audit Committee April 2015	Met		
E5. There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the in strategy. Conclusions are featured in the annual governance report.		Annual report to Audit Committee on Anti-bribery, fraud and corruption reviews effectiveness of the policy.  Any amendments to the Anti-bribery, fraud and corruption policy are reported to Council for approval.	Met		