

Self-Assessment Against Counter Fraud & Corruption Best Practice

Fighting Fraud & Corruption Locally Checklist

| Standard to measure against | Current position |
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| 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. | There is a fraud and corruption risk register in place. This is reviewed on a regular basis by the Head of Internal Audit Services. There are no significant high risks highlighted in the risk register but audit work will be completed to ensure that risks identified are mitigated. Fraud and corruption risks will be reported to the Corporate Management Team and the Audit & Governance Committee. |
| 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. | An assessment has been completed. Potential future risks of fraud and corruption are noted through peer groups, membership of the Midlands Fraud Forum and other professional bodies. As risks are identified, they are recorded on the fraud risk register. |
| There is an annual report to the Audit Committee, or equivalent detailed assessment, to compare against FFCL 2016 and this checklist. | This is completed and reported. |
| There is a counter fraud and corruption strategy applying all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance. | The Counter Fraud and Corruption Strategy is approved by the Audit & Governance Committee. Copies are available on the intranet. There is also an e-learning solution which covers counter fraud and corruption. |
| The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. | There are registers in place for gifts & hospitality, declaration of interests. There are also Codes of Conduct in place for both members and officers. |
| The risks of fraud and corruption are specifically considered in the local authority's overall risk management process. | There is a fraud and corruption risk register in place. |
| Counter fraud staff are consulted to fraud proof new policies, strategies and initiatives across departments and this is reported upon to committee. | Guidelines have been drafted for the fraud proof of policies and are available on the intranet. |

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| <p>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.</p> | <p>There are policies and procedures in place which are made available on the website. The website also has a fraud referral form to report internal frauds</p> |
| <p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> • Codes of conduct including behaviour for counter fraud, anti-bribery and corruption • Register of interests • Register of gifts & hospitality | <p>The Authority has in place: Codes of Conduct for Members and Officers Counter Fraud & Corruption Policy Statement, Strategy & Guidance Notes Whistleblowing Policy A Register of Interests Gifts & Hospitality Register</p> |
| <p>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 potential dishonest employees from being appointed.</p> | <p>A recruitment vetting process is in place</p> |
| <p>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.</p> | <p>Members and staff are aware of the need to make appropriate disclosures of gifts & hospitality. Internal Audit will look at the system and controls in place as part of the audit programme of work – so this is not completed annually.</p> |
| <p>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p> | <p>Counter fraud work including awareness is completed by internal audit</p> |
| <p>Successful cases of proven fraud/corruption are routinely publicised to raise awareness.</p> | <p>Successful cases are published on the website</p> |
| <p>There is an independent whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.</p> | <p>The Whistleblowing Policy is in place and names various officers within the Authority as well as prescribed regulators who can be contacted.</p> |
| <p>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.</p> | <p>Those working as an employee will sign up to the whistleblowing policy as part of the induction process – as the policy is aimed at employees as per the Enterprise & Regulatory Reform Act 2013</p> |

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| Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced. | There is a fraud risk register in place which highlights the potential areas of fraud the authority may face |
| 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. | The Fraud Response Plan forms part of the Counter Fraud & Corruption Statement, and details the amount of resources dedicated to fraud areas. |
| Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes. | Statistics are maintained by Internal Audit and reported under the Transparency Agenda |
| Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation. | Internal Audit have such access |
| There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team. | These will be published as and when they are known |
| All allegations of fraud and corruption are risk assessed. | Initial assessments are undertaken to see what the risk is |
| The fraud and corruption response plan covers all areas of counter fraud work: <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress. | The fraud and corruption response plan covers the areas identified |
| The fraud response plan is linked to the audit plan and is communicated to senior management and members. | The fraud response plan is linked to the audit plan which is communicated to the Corporate Management Team and the Audit & Governance Committee |
| Asset recovery and civil recovery is considered in all cases. | These are considered if appropriate |
| There is zero tolerance approach to fraud and corruption which is always reported to committee. | There is zero tolerance to fraud which is detailed in the Policy |

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| <p>There is a programme of proactive counter fraud work which covers risks identified in assessment.</p> | <p>The proactive fraud work is centred around prevention and detection</p> |
| <p>The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.</p> | <p>This is completed as necessary</p> |
| <p>The local authority shares data across its own department and between other enforcement agencies.</p> | <p>Data is shared with other enforcement agencies in accordance with the Data Protection Act</p> |
| <p>Prevention measures and projects are undertaken using data analytics where possible.</p> | <p>This is completed as part of the NFI project</p> |
| <p>The local authority actively takes a part in the NFI and promptly takes action arising from it.</p> | <p>Actions are taken to ensure that as many as possible of the data matches identified by the NFI are investigated but that all of the high risk ones are.</p> |
| <p>There are professionally accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.</p> | <p>Staff are professionally accredited to complete counter fraud work</p> |
| <p>The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.</p> | <p>Adequate knowledge of all areas of the authority for all staff</p> |
| <p>The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> • Surveillance • Computer forensics • Asset recovery • Financial investigations. | <p>This will be completed following an assessment of the need</p> |
| <p>Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.</p> | <p>Weaknesses revealed are reported through the audit recommendation process.</p> |

Fighting Fraud & Corruption Locally – The Local Government Counter Fraud & Corruption Strategy

| Recommendations for Local Authorities | Current Position |
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| There should be a structured programme on fraud and corruption awareness for elected members and managers. | There is an e-learning solution in place which will be rolled out to members and officers |
| Local authorities should undertake up-to-date fraud and corruption awareness programmes and use the fighting fraud & corruption locally good practice bank | This will be reviewed and completed during 2017/18 |
| Local authorities should collaborate where it is appropriate to do so and should place examples of useful outcomes in the fighting fraud and corruption locally good practice bank and use this as a conduit to exchange information with each other | Examples of useful outcomes will be shared via the good practice bank |
| Local authorities should profile their fraud and corruption risks using the section on risks from the fighting fraud and corruption locally companion document as a starting point. | Fraud and corruption risks identified and recorded |
| Local authorities should ensure that they have the right resources in place by having made an assessment of the risks on fraud and corruption which should be reported to the Audit Committee or similar. | Assessment made of the fraud and corruption risks and will be reported to the Audit & Governance Committee. |
| Senior officers within local authorities should ensure that officers working in the counter fraud team should be provided with appropriate accredited training. | One member of the Audit team has an appropriate accredited qualification in fraud investigations. |
| Senior officers within local authorities should ensure that officers who work in areas where they might encounter fraud and corruption have appropriate training. | One member of the Audit team has an appropriate accredited qualification in fraud investigations. |
| Local authorities should continue to work together on counter fraud hubs, or, should investigate the benefits of joining hubs, and should share information where possible to help each other increase resilience to fraud and corruption and establish best practice. | Shared learning and practice is completed where possible. |

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| <p>Local authorities should participate in data technology pilots to improve their efforts to detect and prevent fraud and corruption.</p> | <p>The Authority Takes part in the National Fraud Initiative and investigates the matches identified.</p> |
| <p>Local authorities should publicise and celebrate successes. Press stories should be collated on the fighting fraud and corruption locally good practice bank and, where possible, publicity should be endorsed and promoted by DCLG</p> | <p>Any frauds investigated and proven will be publicised</p> |
| <p>Local authorities should make an assessment using the fighting fraud and corruption locally companion checklist, increasing awareness of the UK's anti-corruption plan, make themselves aware of the NCA advice, ensure that staff are trained on anti-bribery and corruption, and report this to their Audit Committee together with actions to meet the criteria set out in the plan.</p> | <p>An assessment against the checklist is completed which is reported to the Audit Committee. Staff are trained in Anti-bribery through the induction process.</p> |
| <p>Local authorities should use the free CIPFA Code of Practice on Managing the Risk of Fraud & Corruption to ensure a common standard.</p> | <p>The Code of Practice is used to ensure that standards are maintained</p> |
| <p>Local authorities should make sure that they have in place robust reporting procedures including whistleblowing and that these include assessment through the BSU or Public Concern at Work and that staff are trained in this area.</p> | <p>Whistleblowing procedures are in place. The Policy is reviewed and updated on a regular basis. Details of contacts within the Authority and prescribed regulators are detailed in the Policy. The policy is made available to staff on the intranet. E-learning package on fraud and corruption is to be rolled out to staff.</p> |
| <p>Local authorities that do not have their own housing stock should consider working with their housing partners, in return for nomination rights, to prevent and detect social housing fraud.</p> | <p>Some joint working in place for nomination rights</p> |
| <p>Where appropriate local authorities should consider participating in the Tenancy Fraud Forum.</p> | <p>CIPFA Code of Practice on Managing the Risk of Fraud & Corruption</p> |
| <p>Local authorities should work with partners on relevant procurement projects and pilots and disseminate information as appropriate.</p> | <p>Will be completed as appropriate</p> |

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| <p>Local authorities should look at insider fraud and consider using the Internal Fraud Database at CIFAS following the London Borough of Ealing pilot.</p> | <p>The membership will be evaluated – no other local authorities are members at this time</p> |
| <p>Local authorities should horizon scan and explore new areas, e.g. cyber and identity issues and explore new methods to detect fraud, e.g. behavioural insights.</p> | <p>Horizon scanning completed on a regular basis through peer groups etc.</p> |
| <p>Local authorities should use the FFCL Companion checklist to ensure that they have the right counter fraud and anti-corruption measures in place and should report the results of this to their Audit Committee and the External Auditor.</p> | <p>Completed</p> |

Code of Practice on Managing the Risk of Fraud and Corruption

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| <p>Acknowledge Responsibility</p> <p>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.</p> | |
| <p>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 its service users.</p> | <p>The Policy statement acknowledges the risk of fraud by the Chief Executive</p> |
| <p>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> | <p>This is acknowledged in the Statement.</p> |
| <p>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> | <p>This is acknowledged in the Policy</p> |
| <p>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> | <p>Proactive fraud work is completed</p> |

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| <p>Identify risks</p> <p>Fraud identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and potential consequences to the organisation and its service users.</p> | |
| <p>Fraud risks are routinely considered as part of the organisation's risk management arrangements.</p> | <p>There is a fraud and corruption risk register in place</p> |
| <p>The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework</p> | <p>This risk of corruption is identified in the fraud and corruption risk register.</p> |
| <p>The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.</p> | <p>Published fraud loss estimates are taken into account to aid the evaluation of the fraud risk exposure.</p> |
| <p>The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.</p> | <p>These are identified in the fraud and corruption risk register.</p> |
| <p>Develop a strategy</p> <p>An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.</p> | |
| <p>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.</p> | <p>A counter fraud and corruption strategy is in place.</p> |
| <p>The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.</p> | <p>This will be included when appropriate</p> |
| <p>The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below.</p> | <p>The strategy sets both proactive and responsive approaches as detailed below</p> |

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| <p>Proactive</p> <ul style="list-style-type: none"> • Developing a counter fraud culture to increase resilience to fraud. • Preventing fraud through the implementation of appropriate and robust internal controls and security measures. • Using techniques such as data matching to validate data. • Deterring fraud attempts by publicising the organisation’s anti-fraud and corruption stance and the actions it takes against fraudsters. | <p>An anti-fraud culture is developed by the continual review and update of the counter fraud and corruption strategy, which is made available to staff and also through training and awareness.</p> <p>Internal controls are tested by internal audit. Data matching is completed through the NFI exercise.</p> <p>The anti-fraud stance is detailed within the Strategy and is made available to the public</p> |
| <p>Responsive</p> <ul style="list-style-type: none"> • Detecting fraud through data and intelligence analysis. • Implementing effective whistleblowing arrangements. • Investigating fraud referrals. • Applying sanctions, including internal disciplinary, regulatory and criminal. • Seeking redress, including the recovery of assets and money where possible. | <p>Data analysis is completed through the use of the NFI data matching – the risk to the authority is minimal and does not warrant data intelligence analysis</p> <p>All frauds referred are investigated as required. Sanctions are applied as appropriate and redress sought where appropriate.</p> |
| <p>The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.</p> | <p>The responsibility for delivery of the strategy and for providing oversight is completed by the Head of Internal Audit Services and is detailed in the strategy.</p> |
| <p>Provide resources</p> <p>The organisation should make arrangements for appropriate resources to support the counter fraud strategy.</p> | |
| <p>An annual assessment of whether the level of resources invested to counter fraud and corruption is proportionate for the level of risk.</p> | <p>The resources to be invested in counter fraud work are detailed in the strategy</p> |
| <p>The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.</p> | <p>Internal audit staff complete counter fraud work. One member of staff is counter fraud accredited</p> |
| <p>The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.</p> | <p>Internal audit have unhindered access to employees, information and other resources.</p> |

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| <p>The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.</p> | <p>Data sharing protocols in place</p> |
| <p>Take action</p> <p>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.</p> | |
| <p>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"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts and hospitality policy and register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy | <p>The policy framework is in place</p> |
| <p>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.</p> | <p>A counter fraud plan forms part of the strategy.</p> |
| <p>Making effective use of national or sectorial initiatives to detect fraud and prevent fraud, such as data matching or intelligence sharing.</p> | <p>Use of the NFI is completed</p> |
| <p>Providing for independent assurance over fraud risk management, strategy and activities.</p> | <p>Independent assurance provided by Internal Audit</p> |
| <p>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 strategy. Conclusions are featured in the annual governance report.</p> | <p>A report will be presented to the Audit & Governance Committee</p> |