

# Counter Fraud Strategy 2018-21

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## Document Control

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## Introduction

As with other organisations the Council is at risk of losses through fraud, bribery and corruption. The Council recognises that as well as causing financial loss such activities are also detrimental to the provision of services and damaging to the reputation of and confidence in the Council. To safeguard itself the Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk within existing resources.

To help organisations recognise and address their fraud risks, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced a Code of Practice on Managing the Risk of Fraud and Corruption. The Code consists of the following five principles:

- Acknowledge the responsibility of the governing body for countering fraud and corruption.
- Identify the fraud and corruption risks.
- Develop an appropriate counter fraud and corruption strategy.
- Provide resources to implement the strategy.
- Take action in response to fraud and corruption.

This strategy outlines the Council's commitment and approach to tackling fraud, bribery and corruption and applies to all those who work for, or interact with the Council including employees, Members, contractors, suppliers and service users. Fraud against the Council is not acceptable in any form and the Council will seek full redress through criminal and/or civil courts to counter any internal or external fraudulent activities perpetrated against it.

## Aims & objectives

The general aims and objectives of this strategy are to:

1. Create and promote a robust "anti-fraud" culture across the organisation, highlighting the Council's zero tolerance of fraud, bribery and corruption, which is also acknowledged by others outside the Council.
2. Encourage individuals to promptly report suspicions of fraudulent or corrupt behaviour and provide them with effective means for doing so.
3. Protect the Council's valuable resources and minimise the likelihood and extent of losses through fraud and corruption.
4. Enable the Council to apply appropriate sanctions and recover all losses.
5. Direct the Council's counter fraud resources on the key areas of fraud risk and ensure that the resources dedicated to combatting fraud are sufficient and those involved are appropriately skilled.
6. Work with partners and other investigative bodies to strengthen and continuously improve the Council's resilience to fraud and corruption.

This strategy contributes towards the achievement of the Council's vision to "Develop a Better District" and in particular the corporate objective "To Be an Efficient and Effective Council" by increasing the Council's resilience against fraud, bribery and corruption, thereby minimising the extent of losses and maximising the financial resources available to achieve positive outcomes for the community. It is reflective of the fraud policies and procedures of the Council as well as other strategies, policies and procedures that may be relevant (recruitment, procurement etc.).

## Responsibility

The Monitoring Officer has overall responsibility for the maintenance and operation of the overarching Anti-Fraud, Bribery & Corruption Policy in liaison with the Chief Executive, the Chief Financial Officer, the Internal Audit Manager and the Governance & HR Manager to ensure that it continues to remain compliant and meet the requirements of the Council. From a statutory

perspective the ultimate duty to prevent and detect fraud and corruption lies with the Chief Financial Officer, a duty is set out in Section 151 of the Local Government Act 1972.

The Internal Audit Service, under the management of the Resources Manager, is charged with delivering the strategy and the work programme, together with support from the Revenues & Benefits Service which is responsible for fraud relating to Council Tax support, discounts and exemptions, and Business Rates reliefs and exemptions.

All Managers are responsible for fraud risk management in their particular service area with support from the Senior Management Team as a collective in providing resources appropriate to the risks and by reporting on the management of the risk to Members. Management should embed strong counter fraud controls and systems; support counter fraud and corruption activities and training; and ensure other governance papers, strategies and policies include fraud and corruption risks wherever relevant.

The Corporate Governance Committee monitors the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.

## **2015-18 Strategy achievements**

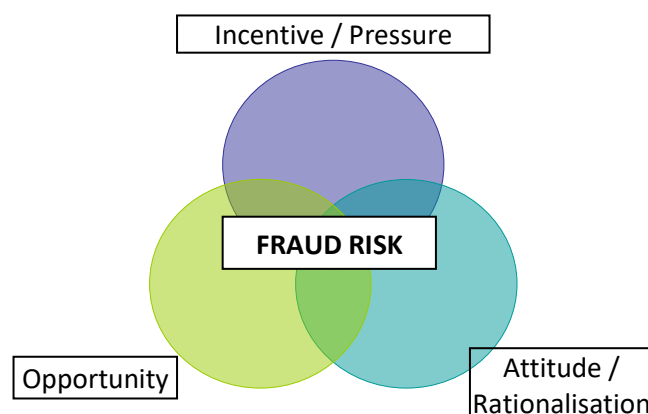
Significant progress was made in delivering the 2015-18 Strategy's Counter Fraud Work Programme, including:

- Development of a corporate-wide Fraud Risk Register which was considered by the Risk Management Group and disseminated to all service managers. A separate fraud risk log is now appended with each service manager's service and information risk logs, which are regularly reviewed.
- A programme of proactive "fraudit" / probity work is ongoing. Work has been completed on "Procurement & Market Testing" and "Telecommunications" with other work to follow.
- The creation of a new e-learning module which was rolled out across the Council. Completion of the module is mandatory for all staff and is recommended for completion by Members. Since going live in October 2017, 72% of staff have completed it and management are proactively prompting those remaining.
- Bespoke fraud awareness training has been provided to specific service areas. Training has focussed on the identification and reporting of potential incidents, with particular attention given to the content of the Council's Fraud Response Plan.
- Enhanced fraud awareness and promotion of ethical behaviour amongst staff took place during International Fraud Awareness Week in November 2016 and again in 2017. During the week a number of activities were organised and literature produced to encourage employees and Members to:
  - complete fraud awareness training
  - think about the type of frauds committed against the Council
  - learn the signs / characteristics of a fraudster
  - understand what to do when fraud is suspected and how to report it
  - make use of a fraud drop-in session.
- External promotion of the Council's whistleblowing arrangements via the Daventry Calling magazine. An article published in the Winter edition of the magazine, highlighted the Council's zero-tolerance stance on fraud, bribery and corruption and encouraged residents to raise suspicions or concerns.
- Co-ordination of the National Fraud Initiative exercise, including the submission of data and investigation of data matches by officers. Summary progress reports continue to be provided to the Chief Financial Officer.

- Co-ordination and submission of information required for annual fraud surveys commissioned by CIPFA and The European Institute for Combatting Corruption and Fraud (TEICCAF) as part of the setting of the national agenda.
- Enhancing the deterrent through liaison with other departments to ensure robust penalty and prosecution policies are in place.

## Heightened threat of fraud

There are three conditions that are commonly found when fraud occurs:



The perpetrators experience some incentive or pressure to engage in misconduct. There must be an opportunity to commit fraud and the perpetrators are often able to rationalise or justify their actions.

The current economic climate in the United Kingdom and the Government policy of significantly reduced public spending have the potential to increase the risk of fraud. At a more local level, the anticipated transition towards a unitary authority could also increase the risk of fraud due to:

- Increased incentives or pressures, primarily as a result of employees' fear of losing their jobs.
- More opportunities to commit fraud as internal controls are weakened or in some cases removed.
- People's ability to rationalise.

During these periods of uncertainty, whether at a national or local level, it is essential that the Council continues to maintain strong defences against fraud and irregularity. Enhanced focus on fraud awareness and deterrence will be crucial, ensuring all resources are effectively managed to mitigate the risk of fraud. This will involve working closely with partners, contractors and volunteers to overcome any barriers to effective fraud fighting and making the best use of available information and intelligence.

## Loss and harm caused by fraud

Losses from fraud are evident in a range of public and private sector services such as education, healthcare, government, insurance and agriculture. The annual financial cost of fraud in the UK is estimated at £190billion<sup>1</sup>, which is broken down as follows:

Private Sector	£ 140 billion
Public Sector	£ 40.3 billion
Individuals	£ 6.8 billion
Not-for-profit sector (charities)	£ 2.3 billion

<sup>1</sup> Annual Fraud Indicator 2017: Identifying the cost of fraud to the UK economy

Within these figures it is estimated that fraud against local government accounts for £7.8 billion of public sector fraud (excluding benefit fraud). Housing Benefit and Council Tax Reduction (formerly known as Council Tax Benefit) continue to contribute towards the highest losses of detected fraud with £1.31million investigated during 2016/17<sup>2</sup>.

The table below provides figures on the estimated annual loss of fraud within local government:

Category	Annual loss (£million)	Fraud level (% of spend)
Procurement	4,436	4.76%
Housing tenancy	1,827	Figures not available
Housing benefit	1,000	4.04%
Payroll	1,075	1.70%
Council tax reduction	60	1.22%
Council tax discounts (including SPD and other discounts / exemptions)	20.6	Figures not available
Business Rates	7	Figures not available
Blue badges	46	3.96%
Grants	94	3.02%
Pensions	326	3.02%

The table above excludes social harm caused by fraud. Although fraud against local authorities is commonly perceived as a victimless crime, it can have a substantial impact on residents, businesses and vulnerable individuals within the local area. Losses attributable to fraud reduce the financial capacity to provide services and may have a dramatic impact on the wellbeing of residents within the community. For example, the local family in temporary accommodation who cannot be allocated a council home because of fraudsters' illegally sub-letting council homes for profit. This has been shown to have a long term detrimental effect on health, education and socio-economic opportunities for the families concerned. Fraud also diminishes public trust in local authorities.

It is strongly believed that the above measure of the scale of loss represents a significant underestimate of the true loss incurred annually by councils to fraud.

### Current and emerging fraud risks

Significant work has been undertaken to finalise the register of fraud risks by evaluating the inherent likelihood and significance of each risk together with the existing control environment to highlight any residual risks. Following presentation to the Risk Management Working Group, the Fraud Risk Register has been fully incorporated into the organisation's risk management arrangements, allowing them to be owned in the same way as other risks. This Fraud Risk Register, along with research from other organisations, has informed the current and emerging risks affecting the Council.

**Each fraud type referred to in this section of the strategy has been appended with an indicative fraud risk (High / Medium / Low) in terms of their relevance to this authority, the effect of financial or social harm and the scope for further work.**

<sup>2</sup> CIPFA Fraud and Corruption Tracker (2017) and DWP Fraud and Error in the Benefits System (2017)

Despite the transfer of housing benefit fraud to SFIS (Single Fraud Investigation Service administered by the DWP), the related aspect of **Council Tax support and discounts (medium)** continue to be a key fraud risk facing the Council, particularly in terms of caseload. Currently 31% of households in Daventry District receive discounts or exemptions to reduce the amount of Council Tax they pay. In addition to our participation in the National Fraud Initiative (periodical data matching exercises between authorities of various datasets) we have adopted a strategy of undertaking additional exercises ourselves or in collaboration with others to review entitlement to discounts and exemptions, and this work continues.

Due to the potential financial impact, **procurement fraud (High)** continues to be a key risk for the Council. This type of fraud can take place at any point in the procurement cycle and although it's unlikely that the full cost of a procurement exercise would be lost to fraud, the high financial returns make it an attractive area for exploitation. The risk of fraud and corruption within local authority procurement processes has been highlighted within the UK Anti-Corruption Strategy 2017-22, which outlines the measures Government will take to reduce corruption in public procurement and grants including:

- Greater procurement transparency, enabling better identification and mitigation of corruption risks
- Strengthened awareness and capability within contracting authorities
- Greater confidence in efficient and legitimate contract management.

There is also an increasing threat of **Serious Organised Crime** within public procurement, with cartels and organised crime groups increasing prices by reducing and removing competition. Due to increasingly limited finances within local government, organised crime activity can be particularly damaging as it increases the cost of goods or services and prevents value for money. Serious organised crime groups may seek to benefit from public services in other ways, such as fraudulently obtaining social housing or taxi licencing, raising money through fraudulent benefit claims or using Council services to launder criminal proceeds.

**Business rates fraud (High)** is another high value area impacting local authorities. Loopholes within business rates legislation and regulations often make it difficult to differentiate between evasion and avoidance. Despite the complexities business rates fraud is becoming increasingly important for councils, given the Government's commitment to ensure business rates retention by Local Authorities. Once retention is in force, every pound lost to business rates fraud will have a direct impact on local authority funding.

**Tax evasion** is an emerging theme, particularly given the introduction of corporate criminal offences in the Criminal Finances Act 2017. Although tax evasion does not have a direct impact on the Council, under the new legislation there is a strict liability for failing to prevent the facilitation of tax evasion by one of its associates, such as an employee or contractor. This could arise, for example, if a Council employee conspired with a supplier to falsify the amount paid on an invoice so that the supplier evaded paying income or corporate taxes. There is a defence of having reasonable prevention procedures in place however there is no one-size fits all approach; the Council will need to ensure risks are identified and implement procedures proportionate to those risks.

The **cyber threat (Medium)** against councils is growing and becoming more aggressive, with 37 attempted breaches being recorded every minute<sup>3</sup>. To provide essential services such as benefits and social services, councils collect a wide range of personal data, some of which relates to the most vulnerable in society. Personal data and the annual budget for delivering services are attractive to cyber criminals who use a variety of methods to expose and extract information and money from councils. The introduction of the General Data Protection Regulation (GDPR) from 25 May 2018

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<sup>3</sup> Big Brother Watch: Cyber-attacks in local authorities Feb 2018

increases the impact of cyber threat for councils as serious data breaches could result in penalties of up to £17million or 4% of annual turnover under the GDPR. To ensure this Council's cyber security measures are robust, an audit was recently undertaken by TIIA (Internal Audit Service's contracted IT audit specialist) who concluded that the majority of controls were in place and operating effectively, although some control enhancements were recommended to ensure the ongoing integrity of IT systems.

Councils have also experienced an increase in the number of attempts to manipulate finance officers into making payments to false bank accounts. There are two widely recognised methods for this:

- **Bank mandate fraud (Medium)**: where an organisation receives a telephone call, email or letter requesting bank account details are amended for any future payments.
- **Impersonated emails (Medium)**: where an officer receives an email purporting to be from a senior officer requesting an urgent payment is made to a specified account.

**Economic and voluntary sector fraud (Medium)** involves the false payment of grants, loans or other financial support to any private individual or company, charity, or non-governmental organisation including, but not limited to: grants paid to landlords for property regeneration; donations to local sports clubs; and loans or grants made to a charity. Due to the ongoing financial pressure within local government, funds for this type of support are limited; therefore it is important to ensure support is only provided to those with legitimate need.

**Planning (Medium)** is recognised within the Council as an emerging area for fraud risk due to obligations within planning legislation. The two main areas of potential fraud are:

- Section 106 Agreements which are legal agreements between developers and local authorities. The agreements stipulate the development trigger points when fees to the Council become payable.
- Community Infrastructure Levy (CIL) which is a planning charge applied to new build properties to help deliver infrastructure for the development of the area. Some types of development are exempt from the charge, as stipulated by legislation, however if a development is liable for CIL, payment is mandatory. In order for an exemption to apply a Commencement Notice must be received by the Council before development commences, otherwise penalties apply and full payment is due immediately.

Although the Council does not hold any social housing stock it does manage the Common Housing Register of those who have applied for affordable housing and nominates applicants to all Registered Providers working within the District. **Housing tenancy fraud (Medium)** is defined as:

- Subletting a property for profit to people not allowed to live there under the conditions of the tenancy;
- Providing false information in the housing application to gain a tenancy;
- Wrongful tenancy assignment and succession where the property is no longer occupied by the original tenant; or
- Failing to use a property as the principal home, abandoning the property, or selling the key to a third party.

The Council also has a duty to prevent and relieve the homelessness of people living within the district. In 2017 the Government introduced the Homelessness Reduction Act, which takes effect from April 2018. The act places new legal duties on the Council to provide meaningful support to everyone who is homeless or at risk of homelessness, regardless of whether they are in priority need or 'intentionally homeless' for as long as they are eligible. The Council anticipates an increase in the homelessness case load as well as increased demand for, and time spent, in temporary accommodation. The NFI estimates the average cost of keeping a family in homeless



accommodation at £93,000 per year, therefore it is imperative the Council takes steps to prevent fraudulent applications.

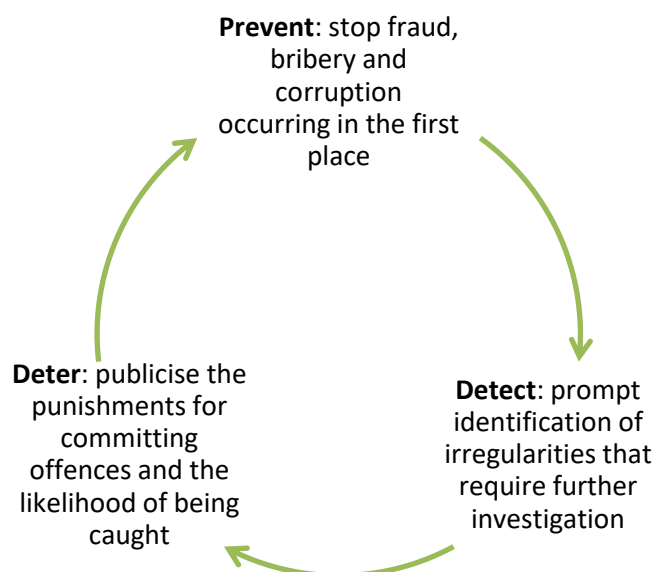
During 2017/18 the Corporate Fraud Officer has supported the Housing Options Team by conducting investigations, providing fraud awareness training and advising on the content of application forms. This work will continue and is likely to increase through the duration of this strategy to prevent and detect those fraudulently taking advantage of the changes to legislation.

The Council also has an interest in fraudulent applications for **Right to Buy (RTB) (Medium)**. Right to Buy is the scheme that allows tenants who have lived in their properties for a qualifying period the right to purchase their home at a discounted rate. Each property purchased under the Right to Buy scheme reduces housing stock and can lead to Councils placing individuals or families into temporary accommodation. Although the Council no longer holds any social housing stock, it continues to have a financial interest in any ex-Council homes sold under the Right to Buy scheme. The increase in house prices and the rising costs of temporary accommodation have significantly increased the value of this type of fraud.

Housing association tenants also have the option to purchase their own home through the “Right to Acquire”. It is recognised that housing associations, with few exceptions, do not have either an equivalent capacity or capability to tackle this area of fraud and opportunities for joint investigative working with housing associations in the local area will be explored as part of this strategy.

### Approach to countering fraud

The Council’s approach for meeting the aims and objectives of the strategy and addressing fraud, bribery and corruption focuses on three core elements:



### Prevent

Everyone who works for, or with, the Council has a responsibility for ensuring public funds and resources are being used appropriately. The Council promotes a zero tolerance culture where fraud, bribery and corruption are recognised as unacceptable behaviour and whistle-blowing of suspected wrongdoers is actively encouraged.

Prevention of fraud, bribery and corruption against the Council will focus on:

- The identification and routine evaluation of fraud risks to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the Council and its users.
- Maintaining a counter-fraud culture to increase resilience to fraud.

- Preventing fraud through the implementation of appropriate and robust internal controls and security measures.
- Developing networks, protocols and arrangements to facilitate joint working or partnerships to manage the Council's fraud risks.

**Fraud risk assessment:** Fraud risk identification can be achieved in a number of ways by:

- Comparing identified risks with other similar organisations.
- Conducting fraud risk workshops within departments to make best use of the detailed knowledge of the staff operating policies and processes.
- Using internal auditors, external auditors or a specialist consultant to conduct a fraud risk review.
- Using external reference material to identify the frauds experienced by local authorities in England.

A corporate-wide Fraud Risk Register has been developed and considered by the Risk Management Working Group. All Service Managers have in place a separate fraud risk log which is appended to the existing service and information risk logs. A "master copy" is retained by the Corporate Fraud Officer and is periodically updated to take account of the changing patterns of fraud.

Ongoing assurance will be provided by Internal Audit's planned audit work and fraud activity will be focused on those fraud risks that are of a high priority or where residual risks have been identified. A more detailed fraud risk work plan will be devised during the course of the strategy. This work plan may change over the period of the strategy to focus on new or emerging fraud threats identified as part of information sharing and intelligence.

**Maintain a strong anti-fraud culture to increase resilience to fraud:** The Council promotes a zero tolerance culture to fraud, bribery and corruption and actively encourages whistle-blowing. The Council's commitment to good ethical conduct is evident in the comprehensive framework of policies and procedures that deter fraudulent activity such as the Codes of Conduct for Members and Employees, Finance and Contract & Procurement Regulations and the specific anti-fraud policies.

A number of frauds can come to light because of suspicions aroused by the behaviour of certain individuals. Although it is impossible to give a definite list of warning signs, certain factors may suggest the possibility of fraud and warrant further investigation. Promotion of these warning signs among managers and staff is the key approach to aid in the detection of fraudulent activity.

The key actions to maintain a strong anti-fraud culture include:

- Fraud awareness induction and refresher training for all new employees and Members.
- Service specific fraud awareness training.
- Enhanced fraud awareness communications among management, employees, contractors and suppliers, particularly during any unitary transition period.

A baseline review of ethics within the Council is due to be conducted for the first time. The review will include a survey of all staff to provide an ongoing barometer of attitudes towards ethical behaviour within the Council. The results of the survey will be used to underpin personal behaviour with ethical values and ensure this permeates all aspects of the Council's culture and operations.

**Deter fraudsters entering the system:** Application forms are used by the Council to obtain key information about service users and determine eligibility for services. Although it is recognised that most of those who interact with the Council do so legitimately by providing correct and complete information, others do not. As part of the application process, customers are asked to sign declarations for a number of reasons: to confirm identity, provide consent, agree to terms and conditions and to confirm information provided is correct and complete. Getting the application process right by highlighting key messages and prompting honesty can encourage people to do the

right thing and prevent fraudulent applications entering the system in the first place.

**Joint working and networking:** Joint working and networking with other organisations and agencies is becoming more common to reduce the need for or make better use of resources in single organisations and to enhance the understanding and detection of fraud across public sector. Some arrangements are informal such as participation in peer / specialist groups or the contribution to national fraud surveys from leading bodies and organisations such as CIPFA. If it is determined that more formal arrangements are required to support the mutual interests of the Council, as well as that of other organisations and law enforcement agencies, then frameworks or protocols can be put in place. However, in doing so it is essential that relationships are agreed in advance and issues clarified such as responsibilities, obligations, exchange of information, liaison, communications, meetings with key personnel, and media strategies. These agreements need to concentrate on issues that support operational co-operation, such as areas of mutual interest, joint planning and co-ordinated action. They need to be viable and have suitable arrangements in place to deliver work in line with objectives and goals. The use and sharing of resources can be helpful for either general counter fraud activity or to address a specific fraud issue. For example, the Council may wish co-operate with local housing associations to address tenancy fraud.

## **Detect**

Despite the best efforts to prevent fraud occurring in the first place, it is difficult to eradicate it from the system entirely. Therefore, measures need to be in place to ensure inappropriate activity is detected and reported for further investigation. Detection and investigation is a key priority of this strategy which will be bolstered by:

- Ensuring protocols are in place to facilitate data and intelligence sharing and analysis, using techniques such as data matching and data analytics, to validate data and detect control failings to support counter fraud activity.
- Maintaining and enhancing effective whistleblowing arrangements.
- Effectively investigating fraud referrals.
- Utilising an appropriate mix of experienced and skilled staff including access to counter fraud staff with professional accreditation.

**Data matching and information/intelligence sharing:** Data matching can help to validate an organisation's risk identification process by comparing the results with similar organisations. Information/intelligence sharing can help to highlight fraud and corruption threats, including enablers to fraud that the organisation may not have considered or identified. The Council already provides information from relevant databases for the purpose of data matching as part of the National Fraud Initiative (NFI), and mostly receives rather than shares information/intelligence through its subscription to the National Anti-Fraud Network (NAFN). The Internal Audit Service has procured software which enables us to analyse, manipulate, sample and extract files from almost any source. This software will enhance the detection of fraudulent transactions within the Council and provide opportunities to enhance controls already in place.

It is the Council's intention to continue with the existing arrangements and further explore opportunities for data matching both internally between services and externally with neighbouring authorities, and develop links with other external agencies, such as the National Fraud Intelligence Bureau, to enhance opportunities for information sharing.

**Effective confidential reporting and whistleblowing arrangements:** Employees and individuals who work closely with the Council are often the best placed to identify bad practice and wrongdoing. Therefore it is essential that they have the confidence to raise concerns and trust that their concerns will be taken seriously. The Council has in place a Confidential Reporting (Whistleblowing) Policy for employees, agency workers, trainees etc. and an Anti-Fraud, Bribery and Corruption Policy for

customers, suppliers, contractors and members of the public, which both outline how to raise concerns and the protection available once those concerns have been raised. To further encourage individuals to report suspicions, this strategy will focus on the following:

- Undertake a review of the whistleblowing arrangements, taking best practice guidance into consideration.
- Internally promote the Confidential Reporting Policy to increase confidence in raising concerns.
- Externally promote the Council's whistleblowing arrangements among the public, key contractors and suppliers.

**Experienced and skilled staff and access to specialist services:** It is vital that "counter fraud" and investigatory officers receive thorough training in the technical requirements of their job to continue to prevent vulnerability within the Council's systems. Robust training will ensure that employees have an in-depth understanding of all relevant policies and procedures and will strengthen the Council from both internal and external attacks on its systems. To achieve this, employees who undertake investigative duties should receive continual professional development and refresher training to ensure they are fully compliant with all relevant legislation, and have the skills required to correctly and thoroughly investigate all suspicions.

## **Deter**

The Council recognises the importance of deterring individuals from committing fraud, bribery and corruption by:

- Publicising the Council's anti-fraud and corruption stance and the actions it takes against fraudsters.
- Applying sanctions, including internal disciplinary, regulatory and criminal.
- Seeking redress, including the recovery of assets and money where possible.

This strategy looks to develop and enhance these aspects and will concentrate on the following:

**Effective publicity and communication:** The Council's main deterrent focuses on the basis that any punishment would outweigh any potential rewards and as a result the individual would decide not to commit the crime. Robust and effective communication is therefore essential to ensuring that a clear message is sent to potential fraudsters that all remedies available to the Council will be used. Publicising all that is being done to protect the Council against fraud, bribery and corruption helps to raise awareness and reinforces the Council's zero tolerance culture. This strategy will utilise the many forms of media available to the Council to raise the profile of fraud awareness and publicise action taken against fraudsters.

**Enhance existing policies:** Whilst the Council has in place the expected policy framework which supports the implementation of the strategy, there is a need to ensure this remains up to date and accurately reflects the various sanctions and redress available to the Council. Sanctions include disciplinary action in respect of employees and the prosecution of offenders.

In terms of redress the Council will undertake a variety of approaches to effect maximum recovery of losses depending on the exact circumstances. These may include salary deduction; agreement to repay on dismissal; a restitution order as part of any prosecution; or civil lawsuit (where the likely recoveries outweigh the potential costs involved). The use of the Proceeds of Crime Act may be used where appropriate to maximise the penalty and the level of recovery by the Council.

## **Work programme**

The detail of this strategy has been translated into a set of actions that are proportionate to the size and activities of the Council, the risk it faces and the level of resources deployed. The Counter Fraud Work Programme to manage the Council's fraud and corruption risks is included at Annex 1 and is

structured around the Council's approach for meeting the aims and objectives of the strategy i.e. **prevention** and awareness; **detection** and investigation; and **deterrence**.

Any events adversely affecting the level of resources to deliver the programme will be reported to senior management and the Corporate Governance Committee at the appropriate time. The strategy will be regularly reviewed to focus on new or increasing risks identified as part of the Council's risk management work, and this will influence the work programme over the course of the strategy.

### **Review and assessment**

In line with the Council's Fraud Response Plan, the Resources Manager, in consultation with the Monitoring Officer and the Chief Financial Officer, annually submits a joint report to the Corporate Governance Committee advising them of the Council's anti-fraud, bribery and corruption processes and activities. This report will include the progress and performance against the counter fraud strategy and its effectiveness, and an opinion on whether the level of resource invested to counter fraud and corruption is proportionate to the level of risk. Any significant conclusions are to be included within the Council's Annual Governance Statement. In time this report will also include more on the impact, cost effectiveness, and loss measurement (cost reputation, morale) of the fraud resource deployed.

## Counter Fraud Work Programme

Prevent			
Aim	Actions	Desired Outcome	Responsibility
To understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	Continually review and update the fraud risk register to: <ul style="list-style-type: none"> <li>• Identify new and emerging risks</li> <li>• Ensure inherent and residual risk ratings are appropriate for risks already included on the risk register</li> <li>• Enable management to understand the risks their service areas are exposed to.</li> </ul>	A better understanding of the fraud threats facing Council services.  Fraud risks considered as part of the Council's risk management arrangements.	Risk Management Group Internal Audit Manager Managers / Service Managers
To prevent fraud through the implementation of appropriate and robust internal control measures.	Development and implementation of a fraud risk plan tailored to individual fraud risks. Activities to be incorporated into Internal Audit plans, as appropriate.	An improved internal control environment adequately addressing the identified fraud risks to the Council.	Internal Audit Manager
	Review of internal control measures during transition to unitary authority.	Systems remain robust against fraud, bribery and corruption during transition.	Internal Audit Manager Internal Auditors Corporate Fraud Officer
Ensure a clear statement of intent is communicated to the whole organisation to help develop and embed a counter fraud culture.	Annual review of the Council's suite of fraud documents.	The Council continues to provide a clear and coherent message which is reflective of the law and best practice.	Monitoring Officer
	Undertake a baseline and periodical review of ethics within the Council by surveying all staff to provide an ongoing barometer of attitude towards ethical behaviour.	To underpin personal behaviour with ethical values and ensure this permeates all aspects of the Council's culture and operations.	Monitoring Officer Corporate Fraud Officer

Aim	Actions	Desired Outcome	Responsibility
Increase fraud awareness amongst employees, Members, and customers / strengthening professional integrity	Continue to ensure appropriate fraud e-learning is provided to all new and existing employees (mandatory) and Members (recommended).	A strong anti-fraud, bribery and corruption culture within the Council.	Governance & HR Manager Internal Audit Manager Corporate Fraud Officer
	Review the use of the fraud e-learning module through module feedback and a fraud questionnaire.	Determine how effective the module has been in increasing awareness. Identify areas for further training.	Governance & HR Manager Internal Audit Manager Corporate Fraud Officer
	Continue to disseminate fraud warnings and alerts to relevant managers and officers.	To make managers and officers aware of instances of fraud that have been perpetrated against other councils and public sector organisations to enable them to promptly tighten internal controls as required and heighten their awareness against any threats.	Corporate Fraud Officer Managers / Service Managers
	Undertake service specific fraud awareness training and presentations – ongoing programme to be guided by investigation work (organisational learning) and fraud risks.	A greater understanding of fraud risk within services to better identify instances of fraud and the correct procedures for reporting and investigation.	Corporate Fraud Officer Service Managers
	Develop and promote a Corporate Criminal Offence Policy	To enable a culture where tax evasion is never acceptable and to limit any liability on the Council.	Chief Financial Officer Corporate Fraud Officer
	Work with services to review and revise their forms to prompt honesty at key moments during the application process.	Fraud is prevented from entering the system in the first instance.	Corporate Fraud Officer Service Managers

Aim	Actions	Desired Outcome	Responsibility
	Enhance fraud communications and update literature including: <ul style="list-style-type: none"> <li>• Introduction of periodical fraud newsletter for all staff. As well as highlighting fraud risks of significance to the Council the newsletter will also feature national fraud alerts that may be of interest to staff.</li> <li>• Review and update the fraud pages on Davnet and on the Council's website as necessary.</li> </ul>	A strong anti-fraud, bribery and corruption culture within the Council.  An increased awareness of the threat of fraud against the Council.  Employees and Members are made more aware of the requirement to act in accordance with the Council's Codes of Conduct and report any suspicions in accordance with set policies and procedures.	Corporate Fraud Officer
	Internally promote fraud communications and literature, particularly during International Fraud Awareness Week.	A strong anti-fraud, bribery and corruption culture within the Council.  An increased awareness of the threat of fraud against the Council.	Corporate Fraud Officer
	Provide additional opportunities for staff to discuss fraud, such as periodic drop-in sessions.	Increased visibility of fraud officers will enhance the anti-fraud, bribery and corruption culture within the Council.	Corporate Fraud Officer
	Increase fraud communications during and after transition to a unitary authority	A strong anti-fraud, bribery and corruption culture within the Council.	Corporate Fraud Officer
To develop networks, protocols and arrangements to facilitate joint working or partnerships to manage the Council's fraud risks.	Explore opportunities for joint working and networking and determine informal and formal arrangements as necessary (e.g. other local authorities and housing associations).  Contribute to and consider the	Arrangements in place with others external to the Council to improve the efficiency and effectiveness of counter fraud and corruption risk management.	Resources Manager Internal Audit Manager Revenues & Benefits Manager Corporate Fraud Officer



Aim	Actions	Desired Outcome	Responsibility
	results from any national fraud surveys from leading bodies and organisations to inform the strategy and fraud risk management (e.g. CIPFA, DWP etc.).		
Enhance the procurement process to prevent fraud and corruption.	Devise a procurement /supplier code of conduct.	A strong anti-fraud, bribery and corruption culture among those individuals or companies entering into business agreements with the Council.	Corporate Procurement Officer Corporate Fraud Officer Service Managers
	Engage more readily with suppliers/contractors to reinforce the Council's anti-fraud, bribery and corruption culture.		
	Consider the use of the Competition and Markets Authority cartel tool to review all contractors / suppliers working with the Council.		
Enhance the Council's defences against Serious Organised Crime	Conduct a Serious and Organised Crime Audit to identify areas of vulnerability	An increased awareness of the threat against the Council.	Community Partnerships Manager Corporate Procurement Officer Corporate Fraud Officer Service Managers
	Take action to strengthen processes to safeguard public money and services against organised crime.	Systems remain robust against organised crime groups.	

## Detect

Aim	Actions	Outcome	Responsible Officer
<p>To ensure protocols are in place to facilitate data and intelligence sharing and analysis, using techniques such as data matching and data analytics, to validate data and detect control failings to support counter fraud activity.</p>	<p>Continue active involvement in data matching exercises, such as NFI.</p> <p>Undertake internal data matching using IDEA (data analysis) software.</p> <p>Review existing arrangements to ensure the Council is maximising their use (e.g. NAFN subscription).</p> <p>Develop links with external agencies to enhance opportunities for information sharing.</p> <p>Explore opportunities with neighbouring authorities to undertake data matching.</p>	<p>Fraud, bribery and corruption are identified and investigated.</p>	<p>Internal Audit Manager Corporate Fraud Officer</p>
<p>To maintain and enhance the Council's confidential reporting and whistleblowing arrangements.</p>	<p>Review the Council's whistleblowing arrangements, taking into consideration any amendments to law, including the European Commission's proposed law to increased protections for whistleblowers. Any review should also take account of best practice, particularly that provided by "Public Concern at Work".</p>	<p>A selection of avenues for reporting suspicions which are suitable for all.</p> <p>An internal policy which is fit for purpose and reflects the latest best practice.</p>	<p>Monitoring Officer Internal Audit Manager Corporate Fraud Officer</p>
	<p>Internally promote the Confidential Reporting Policy to increase knowledge of and confidence in reporting suspicious and irregular activity.</p>	<p>Reinforcement of the Council's zero-tolerance approach to fraud and corruption.</p> <p>Increased awareness of the risks of</p>	<p>Internal Audit Manager Corporate Fraud Officer Marketing &amp; Communications Manager Corporate Procurement Officer</p>

Aim	Actions	Outcome	Responsible Officer
	Externally promote the Council’s whistleblowing arrangements among the public, key contractors and suppliers including: <ul style="list-style-type: none"> <li>• Article in Daventry Calling.</li> <li>• Communications via the Council’s social media outlets.</li> <li>• Identifying and taking advantage of Council arranged events to raise awareness.</li> </ul>	fraud within and against the Council. Increase in fraud referrals.	
Maintain an appropriate mix of experienced and skilled staff and develop access to specialist services to effectively investigate fraud referrals.	Continual learning and professional development of “counter fraud” and investigatory officers.	Continual development will ensure the relevant staff have the skill set and knowledge required to competently undertake their duties.	Internal Audit Manager Revenues and Benefits Manager
	Maintain and update a network of suitably trained contractors and specialist suppliers for use in investigations, such as computer forensics and financial investigators.	The Council will have ready access to suitably trained individuals when undertaking complex investigations.	Counter Fraud Officer

**Deter**

Aim	Actions	Outcome	Responsible Officer
Publicise the deterrent	Periodically publicise the Council’s counter fraud stance and activities, including details of any successful cases or initiatives completed.	Individuals are deterred from committing fraud against the Council.	Corporate Fraud Officer Marketing & Communications Manager
Enhance the deterrent	Review the Council’s sanctions and redress and reflect these within fraud policies, response plan and procedures.	Appropriate sanctions are applied to individuals following proven allegations and effective action taken to effect maximum recovery for the Council.	Internal Audit Manager Corporate Fraud Officer