

ANTI-FRAUD & CORRUPTION FRAMEWORK

(Report by the Audit & Risk Manager)

1. INTRODUCTION

- 1.1 This report details the outcome of the annual review of the Anti-Fraud and Corruption Framework.

2. THE FRAMEWORK

- 2.1 The Council has good internal control measures in place which accounts for the very low extent of fraud perpetrated against it. It is not complacent however and recognises that it needs to effectively manage the risks associated with the task of countering fraud and corruption.
- 2.2 The anti-fraud and corruption framework has been reviewed and updated as necessary, see Annex A. Actions agreed in June 2009 are also listed. Actions outstanding are contained in Annex B.
- 2.3 Training and maintaining awareness are issues that need to be resolved. E-learning is the preferred training method and whilst a number of software packages have been reviewed and evaluated, they are expensive to purchase and maintain. A balance needs to be struck between cost and effectiveness, and it is probably that an in-house solution will be developed.

3. RECOMMENDATION

- 3.1 It is recommended that the Panel:
- Note the responses to the framework; and
 - Endorse the action plan.

BACKGROUND INFORMATION

2009 Anti-fraud and corruption framework

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Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	2009 Action Plan	Evidence / Source Documents	Update/ Further Action
	Policy and Procedures				
1	Corporate Governance Panel undertakes an annual review of the Anti Fraud & Corruption Strategy and Whistleblowing Policy to ensure they remain relevant, up to date and cover key requirements, and amend when necessary.	Audit and Risk Manager		Reviews have been conducted annually since the strategy was introduced. Last review was in December 2009 - Anti Fraud and Corruption Strategy	December 2010
2	The documents are publicised and made available, and can be easily accessed by staff, members, partners, those contracting with the Council and the public.	Audit and Risk Manager	✓	The documents are included on the Council's website. There are numerous links to whistleblowing on the A to Z index pages of the internet.	
3	The Anti Fraud & Corruption Framework is updated at least annually.	Audit and Risk Manager		Framework adopted in December 2008. First review completed June 2010 with the intention to review annually.	June 2011
4	The Head of Customer Services undertakes an annual review of the Housing & Council Tax Benefit Anti-Fraud Strategy and the Prosecution Policy.	Fraud Manager	✓	Both documents were considered and approved by Corporate Governance Panel in March 2010. Fraud Strategy Prosecution Policy	March 2011
5	On an annual basis, a review of activities that may be susceptible to money laundering shall be carried out and the Money Laundering Policy amended when necessary.	Audit and Risk Manager		See the report on the agenda on changes proposed to the Money Laundering Policy.	December 2010

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	Specific Requirements	Lead Officer	2009 Action Plan	Evidence / Source Documents	Update/ Further Action
	Maintaining Awareness				
6	New employees are made aware of the Fraud & Corruption Strategy and Whistleblowing procedures.	Audit and Risk Manager HR Manager	✓	A guide has been prepared that details the Council's approach/stance to countering fraud. This also covers ethical values.	Guide to be reviewed in March 2011
7	Fraud and corruption awareness training is provided for employees and members.	----	✓	There is no formal training provided to the majority of employees or members.	Annex B
8	Reminders are issued periodically to employees about fraud/corruption/whistleblowing/money laundering.	Audit and Risk Manager	✓	Reminders are issued to appropriate staff. The last reminder was sent in May 2010. Annual poster campaigns are used to remind staff about fraud and whistleblowing issues. Information is also posted to the intranet. Whistleblowing article in Team News, November 2009. Intranet pages updated in October 2009 with details about data matching and the NFI process. Note also added to October 2009 payslips.	May 2011 November 2010 October 2010

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9	Demonstrate that Council staff, members, significant partners and contractors have confidence in the whistleblowing arrangements and are aware how to make a disclosure.	Audit and Risk Manager	✓	<p>Poster refreshed in January and May 2010. Information also posted to the intranet. Whistleblowing article in Team News, November 2009.</p> <p>Corporate Governance Panel receives an annual report (December) that summarises the whistleblowing concerns raised and gives them the opportunity to question matters investigated. The numbers of concerns raised has remained steady at approx 12 per year.</p> <p>Further work is required to publicise the arrangements to partners and contractors.</p>	Annex B
10	Publicity is issued to inform residents that the Council is pro-active in identifying fraud.	Head of Customer Services		Press releases are frequently issued and reported, detailing successful benefit fraud prosecutions. This information is also posted to the intranet. Press releases include details of the benefit fraud telephone line. District Wide has also been used to publicise successful prosecutions.	Following successful prosecutions
11	Managers who have key responsibilities for anti-fraud and corruption arrangements receive appropriate training and keep up to date with the latest developments, risks and initiatives.		✓	No training is provided to managers.	Annex B

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12	General guidance to staff shall be published via the intranet outlining their responsibilities with regard to money laundering, reporting arrangements and compliance with the Council's money laundering policy.	Audit and Risk Manager		<p>The Council's current Money Laundering Avoidance Policy and Procedure is available via the Internal Audit Intranet page. Money laundering guidance document has also been produced and is posted on the site for reference by staff as required.</p> <ul style="list-style-type: none"> • Policy • Guidance • Customer Identity <p>Changes to the guidance will be made to reflect the decision taken by the Panel re the Money Laundering Policy.</p>	As appropriate depending on the decision taken by the Panel.
13	Officers employed in services that are considered to be especially vulnerable to money laundering shall also receive training.	Audit and Risk Manager		<p>Training was provided in 2006 by Internal Audit and an email reminder issued in June 2008.</p> <p>No further action taken, as money laundering is now considered to be a low risk area.</p>	December 2010

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	Specific Requirements	Lead Officer	2009 Action Plan	Evidence / Source Documents	Update/ Further Action
	Proactive Anti Fraud & Corruption Work				
14	There is a pro-active programme of counter fraud and corruption work which is adequately resourced, risk based and proportionate to the risk identified.	Audit and Risk Manager Head of Customer Services		<p>Pro-active fraud work is included in the audit plan for 2009/10. Audit staff are familiar with data extraction software which is used to identify areas for further investigation.</p> <p>Data mining software is used by benefits staff to identify potential cases of fraud.</p> <p>The Benefit Fraud Team has clearly laid out procedures, a Prosecution Policy and Terms of Reference to ensure that all investigations are carried out in a timely manner and that all cases reported for investigation are sifted to ensure that those posing the greatest risk received the highest priority and other cases are still considered and dealt with using the appropriate resources.</p>	On-going
15	Review of risk register entries highlighting fraud and corruption risks is undertaken on a regular basis. Mitigation to reduce fraud is proportionate to the risk.	Audit and Risk Manager		Reviews of the risk register are undertaken on a regular basis and liaison is maintained between the relevant manager and the Insurance and Risk Officer. Risk Management reports are provided to Corporate Governance Panel and issues relating to fraud and corruption would be highlighted as appropriate.	On-going

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16	Significant partnerships have anti-fraud and corruption arrangements in place.		✓	The guidance requires whistleblowing arrangements to be explained (publicised, monitored and reviewed). All partners are also required to understand their responsibilities if non-compliance with governance arrangements or fraud and corruption issues are identified.	Annex B
17	Documented procedures are in place for the notification of non-compliance with Council policies and procedures.	Director of Central Services	✓	The Employees Code of Conduct outlines the behaviours expected of staff and explains how notifications have to be reported to Senior Officers. Note posted to intranet in October 2009 reminding staff of the need to record gifts and hospitality. The note was viewed over 300 times. Email sent to Heads of Service, April 2010, reminding them to highlight the Code of Conduct to staff.	October 2010
18	Maintain, publicise and monitor confidential telephone reporting lines and other channels for whistleblowing and fraud reporting.	Audit and Risk Manager	✓	Telephone numbers appear in District Wide. Secure telephone numbers are in place for benefit fraud and general whistleblowing/fraud reporting, Calls to these numbers can only be accessed by a small number of staff. Poster campaigns are developed periodically to publicise fraud/whistleblowing and the reporting lines available.	

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19	The internet, application forms, license or contractual agreements contain an appropriate fair processing notification permitting data sharing for the prevention and detection of fraud and corruption.	Data Protection Officer and Various Managers		Information about fair processing is available on the Council's website. Key application forms etc include the required notification. As part of routine audit work, checks are completed to ensure data protection statements and reference to data matching / sharing are included on forms etc. <ul style="list-style-type: none"> • Data Matching • Privacy disclaimer 	
20	Appropriate arrangements for identifying and dealing with potential money laundering, are included in applicable contracts or similar agreements with external organisations.	Appropriate Manager		Reference is included in the contractual agreement with the Bailiffs.	Considered when felt appropriate
21	Internal audit prepare and maintain risk assessments that identify key systems that are susceptible to the likelihood of fraud and corruption (e.g. recruitment of staff). Reviews are undertaken on the controls operating in those systems.	Audit and Risk Manager		A Fraud and Corruption Plan Risk Assessment has been prepared which sets out risks and controls in key areas where there is potential for fraudulent activity.	
	National Fraud Initiative (NFI)				
22	Data is provided to the NFI in accordance with published timetables.	Audit and Risk Manager		All the data required for the 2008 NFI review has been provided.	

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	Specific Requirements	Lead Officer	2009 Action Plan	Evidence / Source Documents	Update/ Further Action
23	NFI data matches are reviewed and follow-up work, proportionate to the risk identified, is undertaken. Investigations are carried out promptly.	Audit and Risk Manager		<p>The Audit & Risk Manager oversees the work undertaken. The Audit Commission guidance on the datasets to review is followed. This ensures that resources are targeted at the most appropriate areas. Investigations are carried out in accordance with the NFI timetable.</p> <p>A report on outcomes for NFI 2008 was reported to Corporate Governance Panel in March 2010.</p>	
	Investigative Fraud Work				
24	Staff involved in investigative work are appropriately trained and maintain their skills by regular training and keep up to date with developments and legislation.	Head of Customer Services		The majority of investigative fraud work is undertaken by the Benefits Fraud Team. All officers are accredited counter fraud specialists and receive regular refresher training as required.	
25	Investigations are conducted in accordance with statutory requirements (PACE, RIPA etc).	Head of Customer Services		All fraud work conducted by the Benefits Fraud team complies with the relevant legislation, including PACE, RIPA and the Fraud Act 2006.	
26	Investigate promptly potential cases of fraud and corruption, or pass to an appropriate external organisation (Police or DWP etc)	Head of Customer Services		The Benefits Fraud team routinely work through fraud cases assigned to them and close liaison is maintained with the DWP, Police and other relevant bodies.	

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27	Effective working arrangements are in place with other organisations (e.g. Police, DWP and HBMS). Intelligence is shared when appropriate.	Head of Customer Services		See comments above.	-----
28	There is a policy which is applied in a consistent way, on the application of sanctions and recovering losses where fraud and corruption has been proven.	Head of Customer Services		Sanctions for offences identified including fines, cautions and prosecution and are applied in accordance with the benefits prosecution policy which takes into account the severity of the matter.	
	Outcomes				
29	Appropriate action is taken against those who successfully have committed, or attempted to commit, acts of fraud or corruption, including the recovery of losses sustained(incl. use of criminal and civil law). .	Head of Customer Services		In 2008/2009 the Council identified £629,000 in overpaid benefits and prosecuted 49 people with another 66 receiving cautions and financial penalties.	
30	Lessons learnt from fraud and corruption investigations are evaluated and result in the strengthening of the systems involved to reduce future opportunities.	As appropriate		Where weaknesses have been identified, system changes are discussed with the appropriate Manager.	
31	Successful cases of proven fraud and corruption are publicised.	As appropriate		Press releases are issued in respect of all successful benefit prosecutions. This information is also posted to the intranet.	

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32	<p>The Corporate Governance Panel receives (at least annually) reports on</p> <ul style="list-style-type: none"> • Housing Benefit Fraud investigations (including information in respect of prosecutions, administrative penalties and cautions and the active recovery of fraudulent overpayments) • Whistleblowing allegations received and outcomes • Other fraud and corruption investigations and outcomes 	Head of Customer Services & Audit and Risk Manager		<p>Information in respect of Housing Benefit fraud investigations and whistleblowing activity were reported to the Panel in September 2009.</p> <ul style="list-style-type: none"> • 2009 Housing Benefit Fraud and Whistleblowing 	September 2010
33	All frauds that exceed £10,000 are reported promptly to the external auditors on the appropriate form.	Head of Customer Services		Returns are made quarterly to the external auditor.	

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Action Plan

	Specific Requirement	Agreed Action	Lead Officer	Implementation Date
	Maintaining Awareness			
7	Fraud and corruption awareness training is provided for employees and members.	Training to be developed and delivered via the e-learning software.	Audit & Risk Manager & Fraud Manager	30 November 2010
9	Demonstrate that Council staff, members, significant partners and contractors have confidence in the whistleblowing arrangements and are aware how to make a disclosure.	Further work is required to publicise the arrangements to partners and contractors. Potential to use e-mail.	Audit and Risk Manager	30 September 2010
11	Managers who have key responsibilities for anti-fraud and corruption arrangements receive appropriate training and keep up to date with the latest developments, risks and initiatives.	Training to be developed and delivered via the e-learning software.	Audit and Risk Manager	30 November 2010
Vari-ous	Anti-money laundering guidance will be reviewed to reflect legislative changes .	The Anti-Fraud and Corruption Strategy will be amended.	Audit and Risk Manager	December 2010