



FLINTSHIRE COUNTY COUNCIL

Corporate Anti-Fraud and Corruption Strategy

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ANTI FRAUD AND CORRUPTION POLICY STATEMENT

- **The Chief Executive and Flintshire County Council are committed to this policy and to maintaining high ethical standards**
- **Flintshire County Council does not tolerate any form of fraud or corruption from within the Council or from external individuals or organisations.**
- **Flintshire County Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud or corruption within or against all its activities.**
- **Flintshire County Council will support prosecutions or apply other relevant sanctions to those who commit acts of fraud or corruption.**
- **Flintshire County Council encourages anyone who suspects fraud and corruption to report it, and will support anyone who does this.**

CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

1. Introduction

1. Flintshire County Council employs around 7,000 staff and spends in excess of £250m a year. The Council commissions and provides a wide range of services to individuals and households and works with many other private, public and voluntary sector organisations.
2. The size and nature of the Council's services means that there is an ongoing risk of loss due to fraud and corruption from both internal and external sources. The council is continuously developing anti-fraud initiatives and remains committed to:
 - The prevention, detection, deterring, investigation and correcting all forms of fraud and corruption, whether these are attempted from within or external to the organisation.
 - Minimising losses caused by fraud, corruption and breaches of regulations.
 - Embedding management of fraud risk throughout the organisation.

- Increasing awareness of counter-fraud responsibilities at all levels within and outside the Council.
3. The Council's commitment to the protection of public funds against fraud and corruption is set out in this strategy and supporting policies.

The strategy is structured to reflect the CIPFA code of practice on managing the risk of fraud and corruption. The five key elements of the code are to:

- ***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***

4. The Strategy covers
- All employees and Members of the Council
 - Partner Organisations
 - Council Suppliers, Contractors and Consultants
 - General Public

The Council requires all individuals and organisations with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud or corruption. Members of the public are encouraged to report any concerns which they may have.

5. The Strategy has the full support of Members and the Council's Chief Officers Team. It is approved by Audit Committee and The Cabinet.

2. Fraud and corruption definitions

1. The Fraud Act 2006 came into force on 15th January 2007. It created a single offence of fraud which can be committed in three separate ways:
- False representation
 - Failure to disclose information where there is a legal duty to do so
 - Abuse of position.

Four new offences were also created:

- Possession of articles for use in fraud
- Making or supplying articles for use in fraud
- Obtaining services dishonestly
- Participating in fraudulent business

Theft – “A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968).

Corruption – The Council has defined corruption as “The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person”. The introduction of the Bribery Act 2010 created criminal offences for any individual who either offers or receives a financial or other advantage intending the advantage to be rewarded by the improper performance of a function or activity. The Act also created an offence of directly or indirectly offering, promising or giving a bribe to a foreign public official so as to influence the actions of the foreign public official. Any individual found guilty of any of these offences is liable to imprisonment for up to a maximum period of 10 years.

Computer fraud occurs where information technology equipment has been used to manipulate programmes or data dishonestly (for example, by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud.

3. Adopting the Right Strategy

- 3.1 To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is implemented encompassing a clear remit covering all areas of fraud and corruption affecting the organisation.
- 3.2 The approach adopted by the organisation involves a three stage process:
 - 1) **Deter** – by having a culture within the organisation which deters the committing of fraud
 - 2) **Prevent** – by having measures in place to help prevent fraud occurring
 - 3) **Detect** – by having measures in place to detect fraud should it occur

The approach is covered in more detail later in this document.

- 3.3 The full range of integrated actions should be taken forward with the focus on outcomes (i.e. reduced losses) rather than activity (i.e. number of investigations).

4. Accurately identifying the risks

- 4.1 Fraud and corruption risks are considered as part of the organisation’s strategic risk management arrangements.

- 4.2 The nature and scale of losses to fraud and corruption are identified where they can be practically established. By measuring the scale of losses, and learning from where they are detected, knowledge is gained of where controls within systems should be strengthened or introduced.

5. Creating and Maintaining a Strong Structure

- 5.1 The Council is committed to the Nolan principles of standards in public life, namely objectivity, openness, leadership, accountability, honesty, selflessness and integrity. High ethical standards should be adhered to and be demonstrated in all the Council's actions and decisions.

The Council's commitment to the highest standard of governance is supported by a strong framework including the Constitution, Code of Corporate Governance, Member and Officer Codes of Conduct and specific counter fraud policies e.g. Whistleblowing and the Anti-Money Laundering Policy. The Annual Governance Statement includes reference to the measures taken to counter fraud and corruption.

The Council expects elected members and all employees to lead by example in demonstrating opposition to fraud and corruption, by adhering to rules and regulations, and that all practices and operating procedures are beyond reproach.

- 5.2 Within the County Council those charged with countering fraud and corruption have the appropriate authority to pursue their remit effectively. In order for the Council to effectively deal with allegations of fraud those charged with investigating matters must receive full support from all officers.
- 5.3 It is management's responsibility to establish sound systems of internal controls to prevent and detect fraud, designed to reduce the risk posed by fraud within service areas.
- 5.4 The Accounts and Audit (Wales) Regulations require every local authority to maintain adequate and effective Internal Audit.
- 5.5 One of the roles of Internal Audit is to promote anti-fraud and anti-bribery best practice and to ensure management has effective systems in place to detect and prevent corrupt practices. Internal Audit staff are properly trained to gain the appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation. In Flintshire a clear mandate has been provided to Internal Audit to investigate potential fraud and irregularities and this is specified in the Audit Charter and the Financial Procedure Rules (11.17e).

- 5.6 Where appropriate, Flintshire County Council will co-operate with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption e.g. participation in the National Fraud Initiative and liaison with the Police.

6. Responsibilities by Role

Individual / Group	Role / Responsibility
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Officer Governance (Monitoring Officer)	Advise members and officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. Prepare a report to Council where it appears that the authority has or is about to do anything which would be in contravention of the law or which would constitute maladministration
Corporate Finance Manager (Section 151 Officer)	Ensure proper arrangements are made for the Council's financial affairs. Maintain an adequately resourced internal audit team.
Chief Officer Team	Overseeing the corporate approach to counter-fraud activity, setting the tone to embed a culture of high standards and integrity.
Chief Officers and Managers	Notify Internal Audit of all suspected fraud or corruption incidents in their area – see Fraud and Irregularity Response Plan, para 5. Ensuring that adequate systems of internal control exist within their areas of responsibility, and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. Regularly need to assess the types of risks and scope for potential fraud associated with the operations in their area. Ensure that employees receive fraud awareness training. The extent of this will depend on the work that individual employees carry out. Remind employees who are an integral part of the control framework of fraud and risk issues. Ensure this Strategy and the Fraud Response Plan are available to all employees.

Individual / Group	Role / Responsibility
Employees	<p>A duty to act if they believe there is a possibility of fraud or corruption taking place or the rules are being breached – see Fraud and Irregularity Response Plan para 3.</p> <p>Their own conduct and for contributing towards the safeguarding of corporate standards (including declaration of interest, private working, whistleblowing, etc.)</p> <p>Acting with propriety in the use of official resources and in the handling and use of corporate funds.</p> <p>Be alert to any financial transactions that may suggest money laundering.</p>
Internal Audit	<p>Providing a pro-active corporate anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption. Completion of any and all investigations of fraud and corruption that do not fall within the remit of other investigative bodies, such as Housing Benefit.</p> <p>Receiving and reviewing notifications of all frauds reported within the Council and analysing fraud risk.</p> <p>Making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative.</p> <p>Undertake internal data matching across Council systems.</p> <p>Reporting to and liaising with the local police on individual cases.</p> <p>Provide reports to the Audit Committee on incidents of fraud and corruption.</p> <p>Issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.</p> <p>Provide advice and guidance on internal controls to prevent or detect fraud or corruption.</p> <p>Promoting fraud awareness and training.</p> <p>Acting as the Council's consultant on issues of fraud and corruption,</p>
External Audit	<p>Considering if the Council has adequate arrangements in place to prevent and detect fraud and corruption.</p>
Trade Unions	<p>Notifying Officers if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 4.</p> <p>Support their members throughout the process.</p>

Individual / Group	Role / Responsibility
Members	Notifying Officers if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 5. Responsible for their own conduct. Contributing towards the safeguarding of corporate standards, as detailed in the Members Code of Conduct.
Audit Committee	Reviewing and monitoring policies for preventing and detecting fraud. Reviewing reports relating to fraud from internal and external auditors.
Partners, Suppliers, Contractors, Consultants and the Public	To be aware of the possibility of fraud and corruption within their organisation or against the Council and report any genuine concerns / suspicions.

7. Taking action to tackle the problem

Deterrence

The Council will publicise its counter fraud measures using all available means e.g. the press, newsletters, the Infonet and internet.

Publicised information makes employees aware that fraud and corruption are serious offences and that they may face disciplinary action if there is evidence that they have been involved in these activities.

Where fraud and corruption is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss. In some cases this may involve civil proceedings being instigated through the courts. As a deterrent to others the Council will seek to publicise such cases.

Prevention

Managers at all levels within the County Council have a responsibility for the prevention of fraud and corruption (within their own remit) and for implementing appropriate strategies to minimise the risk effectively. Such strategies include promoting fraud awareness, assessing compliance with Council policies (e.g. Financial Regulations) and ensuring sufficient levels of internal control are maintained within systems and procedures.

The internal audit plan includes time for audit involvement in the development of new systems. Involvement at this stage should help to ensure that controls are designed into the systems to help prevent the risk of fraud and corruption.

Detection

Managers play a key role in ensuring that systems and processes are in place to detect fraudulent activity

In many cases, the diligence of employees and the alertness and good citizenship of the public at large detect acts of fraud or corruption. Fraud and corruption may also be discovered by Internal Audit during routine audits, proactive fraud audits or through the use of data matching. Frauds are also detected as a result of the Council's participation in the National Fraud Initiative exercise.

Employees, elected members and external stakeholders are expected to report suspected fraud or corruption in accordance with Financial Regulations and the Council's Whistleblowing procedures.

Investigation

Reporting suspected cases of fraud and corruption by the above means will ensure that all reported incidents are considered by Internal Audit in accordance with the Fraud Response Plan. All referrals are logged and assessed with timescales being agreed for completion of the investigation taking into account any future loss of evidence or funds.

During the investigation the Investigating Officer (Auditor) will contact any other relevant parties e.g. the Monitoring Officer, People and Resources or the Police, to ensure all allegations and evidence are properly investigated and reported upon. When referrals are passed to the Police, the Crown Prosecution Service will determine whether a prosecution will be pursued.

Internal Audit investigation reports identify the specific control weaknesses which were present at the time of the fraud and allowed it to be committed. Recommendations to address these weaknesses and strengthen the control environment are included within investigation reports. Recommendations are graded depending upon their severity and the manager responsible must complete an action plan detailing dates for implementation and officer responsible.

Where necessary, the Council's disciplinary policy will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The decision to invoke the disciplinary policy will be a consideration of Departmental Management and People and Resources.

To prevent misuse of the investigation process, someone who maliciously raises a matter they know is untrue may be subject to disciplinary action.

Sanctions and Redress

Where fraud or corruption has been identified the Council will recover any losses (where applicable) and prosecute or apply other sanctions as detailed within the Fraud Response Plan. Sanctions will be applied in a comprehensive, consistent and proportionate manner. Examples of the type of sanctions that could be considered are; disciplinary action (against employees) and/or civil and criminal action.

Redress will be applied in accordance with the Recovery of Losses section detailed in Fraud Response Plan. Rates of recovery will be monitored as part of the quality process.

8. Defining Success

An annual report will be presented to the Audit Committee on the performance against this strategy

9. Awareness and Training

Training and guidance are vital to maintaining the effectiveness of the Anti-fraud and Corruption Strategy. The Council supports induction and work related training and will ensure that fraud awareness training is provided to all Members and Senior Managers of the Council.

Employees within Internal Audit will receive specific training to ensure compliance with professional standards and relevant legislation.

In order to raise awareness of this strategy and fraud and corruption in general, the Council will arrange periodic publicity campaigns and will issue advice encouraging fraud awareness.

10. Conclusion

Flintshire County Council has in place a clear framework of systems and procedures to deter, prevent, detect and investigate fraud and corruption.

The Council will monitor performance of the Anti Fraud and Corruption Strategy through regular reports submitted to the Audit Committee. The Audit Manager will, in addition, keep this policy under review in order to take account of any changes in Council policy and government legislation.