

FLINTSHIRE COUNTY COUNCIL

Corporate Anti-Fraud and Corruption Strategy

DRAFT – Version 2 – December 2019
(with Tracked Changes)

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CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

1. Policy Statement

- Flintshire County Council (the Council) has a zero tolerance approach to fraud, bribery and corruption. This Policy outlines how the Council delivers an effective approach to managing the risk of fraud and corruption.
- The Council is committed to this policy and to maintaining high ethical standards.
- The Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud or corruption within or against all its activities.
- The Council will support prosecutions or apply other relevant sanctions to those who commit acts of fraud or corruption.
- The Council encourages anyone who suspects fraud and corruption to report it, and the Council will support anyone who does this.

2. Introduction

- 2.1 Flintshire County Council has a workforce of around ~~7,000~~ 6,000 and spends in excess of ~~£400m~~ £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.
- 2.2 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.
- 2.3 The Council's commitment to the protection of public funds against fraud and corruption is set out in this strategy and supporting policies.

- 2.4 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
- 2.5 The Strategy applies to:
- All Officers and to all employees (including centrally employed teachers) of Flintshire County Council (as defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice.
 - All Members of the Council
 - Partner Organisations, including Aura and NEWydd
 - Third Party individuals such as Partners, Consultancy, Suppliers, Contractors, volunteers and employees of Council Suppliers and Contractors who are employed to deliver goods / services to the Council.
 - General Public~~Council Suppliers, Contractors and Consultants~~
 - ~~General Public~~
- 2.6 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 not involving fraud or corruption. Members of the public are encouraged to report any concerns which they may have.
- 2.7 The Strategy has the full support of Members and the Council's Senior Accountable Officers. It is approved by Audit Committee and The Cabinet.
- 2.8 This policy should be read in conjunction with the Council's Whistleblowing Policy and the Fraud & Irregularity Response Plan.

3. Definitions

- 3.1 **Fraud:** For the purpose of this policy refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss. raud is when trickery is used to gain a dishonest advantage which is often financial over another person or organisation.
- 3.2 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:

- Fraud by false representation;
- Fraud by failing to disclose information where there is a legal duty to do so; and
- Fraud by 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~~

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

3.4 **Corruption:** For the purpose of this policy corruption refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority or the rights of others. Examples include accepting bribes or incentives during procurement processes, seeking to influence others ~~orthrough the~~ The Council has defined corruption as “The offering of, giving, soliciting or acceptance of an inducement or reward. to influence others.., which may influence the action of any person”.

3.5 **Irregularity:** Any administrative or financial mistrust that comes about either by act or omission.

~~_____~~ The Bribery Act 2010 ~~created~~ creates 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~~ creates 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.

~~3.5 **Cyber Crime:** this occurs where any criminal act dealing with computers, networks over the internet.~~

~~3.6 **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. Detailed with the Computer Misuse Act 1990.~~

4. Adopting the Right Strategy

4.1 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 Council.

4.2 The approach adopted by the ~~organisation~~-Council involves a three stage process:

- 1) **Deter** by having a culture within the ~~organisation~~-Council 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 in section 8 of this document.

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

5. Accurately Identifying the Risk of Fraud and Corruption

5.1 Fraud and corruption risks are considered as part of the Council's strategic risk management arrangements.

5.2 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 to reduce the risk of fraud and corruption in the future.

6. Creating and Maintaining a Strong Structure

6.1 The Council is committed to the Nolan ~~P~~principles of ~~S~~standards in ~~P~~public ~~L~~ife, 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.

6.2 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's Codes of Conduct and specific counter fraud policies e.g. Whistleblowing Policy, and the Anti-Money Laundering Policy. The Annual Governance Statement includes reference to the measures taken to counter fraud and corruption.

6.3 The Council expects elected members and all ~~officers~~-employees to lead by example in demonstrating support for anti-fraud and corruption

measures by adhering to rules and regulations, and that all practices and operating procedures are beyond reproach.

- 6.4 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-employees~~ and members.
- 6.5 It is the responsibility of Service Teams and Senior Accountable Officers ~~management's responsibility~~ to establish sound systems of internal controls in order to prevent and detect fraud, ~~and designed to~~ reduce the risk posed by fraud within service areas. The Authority has a zero tolerance to acts of fraud and corruption.
- 6.6 The Accounts and Audit (Wales) Regulations require every local authority to maintain adequate and effective Internal Audit Service.
- 6.7 One of the roles of Internal Audit is to promote anti-fraud and corruption, best practice and to ensure management has effective systems in place to detect and prevent corrupt practices. The Internal Audit team 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 (4.3).
- 6.8 Where appropriate, ~~t~~The 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.

7. Responsibilities

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)	<ul style="list-style-type: none"> • Advise members and officers-employees 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)	<ul style="list-style-type: none"> • 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.
Senior Accountable Officers	<ul style="list-style-type: none"> • Notify Internal Audit of all suspected fraud or corruption incidents in their area – see Fraud and Irregularity Response Plan, para 65. • 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 officers <u>employees</u> receive fraud awareness training. The extent of this will depend on the work that individual officers carry out. • Remind officers <u>employees</u> 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 officer <u>employees</u>.
Workforce	<ul style="list-style-type: none"> • 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. • Their own conduct and for contributing towards the safeguarding of corporate standards (including declaration of interest, private working, whistleblowing, etc.). • Acting with propriety in the use of official resources and in the handling and use of corporate funds. • Be alert to any financial transactions that may suggest money laundering.
Internal Audit	<ul style="list-style-type: none"> • 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. • Receiving and reviewing notifications of all frauds reported within the Council and analysing fraud risk. • Making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative. • Undertake internal data matching across Council systems. • Reporting to and liaising with the local police on individual cases. • Provide reports to the Audit Committee on incidents of fraud and corruption. • Issuing guidance to members and management in relation to fraud and corruption related legislation and procedures. • Provide advice and guidance on internal controls to prevent or detect fraud or corruption. • Promoting fraud awareness and training. • Acting as the Council's consultant on issues of fraud and

	corruption.
External Audit	Considering if the Council has adequate arrangements in place to prevent and detect fraud and corruption.
Trade Unions	<ul style="list-style-type: none"> • Notifying Officers the appropriate individuals 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. • Support their members throughout the process.
Members	<ul style="list-style-type: none"> • Notifying the appropriate individuals 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	<ul style="list-style-type: none"> • Reviewing and monitoring policies for preventing and detecting fraud. • Reviewing reports relating to fraud from internal and external auditors.
<u>Third Party Individuals</u> - Partners, Suppliers, <u>volunteers</u>, Contractors (and <u>employees of</u>), 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.

8. Taking Action to Tackle the Problem

Deterrence

- 8.1 The Council will publicise its counter fraud measures using all available means e.g. the press, newsletters, the Infonet and internet.
- 8.2 Publicised information makes ~~officers~~ **the workforces** 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.
- 8.3 The Authority has a suite of policies and procedures in place to manage the risk of fraud and corruption which are:
- Corporate Anti-Fraud and Corruption Strategy
 - Fraud **and Irregularity** Response Plan
 - Whistleblowing Policy
 - **Anti-Bribery Policy**
 - Anti-Money Laundering Policy
- 8.4 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

- 8.5 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.
- 8.6 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. The risk based annual plan also reviews the internal control framework of the Authority, ~~this is risk based~~ and includes reviews of all high risk areas of operation, where the potential for fraud is included as part of the review.

Detection

- 8.7 Managers play a key role in ensuring that systems and processes are in place to detect fraudulent activity.
- 8.8 In many cases, the diligence of ~~officers~~ individuals 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, pro-active 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.
- 8.9 ~~Officers~~ Employees, elected members and external stakeholders (including third party individuals) are expected to report suspected fraud or corruption in accordance with Council's Financial Regulations and the ~~Council's~~ Whistleblowing procedures ~~policy~~.

Investigation

- 8.10 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 and Irregularity 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.
- 8.11 Not all referrals are fraud related and the investigation may be undertaken by departmental management or appointed investigating officers for cases of misconduct.

- 8.12 During the investigation, the Investigating Officer 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.
- 8.13 Internal Audit investigation reports identify the specific control weaknesses which were present at the time of the fraud and allowed it to be committed. Actions required to address these weaknesses and strengthen the control environment are included within investigation reports. Actions are graded depending upon their severity and the manager responsible must complete an action plan detailing dates for implementation and officer responsible.
- 8.14 Where necessary, the Council's Disciplinary policy will be used to facilitate a thorough investigation of any allegations of improper behaviour by ~~officers~~employees. The decision to invoke the Disciplinary policy will be a consideration of Chief Officers and ~~People and Resources~~Senior Manager, Human Resources & Organisational Development.
- 8.15 To prevent misuse of the investigation process, someone who maliciously raises a matter they know is untrue may be subject to disciplinary action(~~where applicable~~).

Sanctions and Redress

- 8.16 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 ~~officers~~employees) and/or civil and criminal action.
- 8.17 Redress will be applied in accordance with the Investigation Outcome (Recovery and Sanctions) ~~Recovery of Losses~~ section detailed in Fraud and Irregularity Response Plan. Rates of recovery will be monitored as part of the quality process.

9. Defining Success

- 9.1 ~~Annually -annual report will be presented to~~ the Audit Committee will be informed on the performance against this strategy, this forms part of the Internal Audit annual report.

10. Awareness and Training

- 10.1 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, Senior Accountable Officers and the workforce and Senior Managers of the Council.
- 10.2 ~~Officers~~ ~~The within~~ Internal Audit team will receive specific training to ensure compliance with professional standards and relevant legislation.
- 10.3 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.

11. Conclusion

- 11.1 Flintshire County Council has in place a clear framework of systems and procedures to deter, prevent, detect and investigate fraud and corruption.
- 11.2 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.
- 11.3 Related policies such as Whistleblowing Policy and the Fraud Response Plan can be found on the Council's Website and the Infonet.