Strategy for the Prevention and Detection of Fraud, Corruption and Bribery v1.0

Version Control

Approved by	Date approved	Date implemented	Document owner	Review date
TBC				

This document is subject to regular review due to legislative and policy changes. The latest version of this document and associated Fraud Response Plan can be found on the Council's intranet.

Version No.	Date approved	Approved by	Amendment
V1.0	TBC	TBC	Revised strategy

Contents

Policy Statement

Denbighshire County Council's governance framework ensures we conduct our business in line with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It sets out clear expectation for behaviour and expectations including that all of us uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

All elected Members and co-opted members will be expected to adhere to the "The Conduct of Members (Principles) (Wales) Order 2001". This Order adds to the seven Nolan principles set out above by including requirements in relation to Stewardship, Duty to Uphold the Law, and Equality and Respect.

This Policy is intended to cover fraud, theft, corruption and bribery. The Council does not and will not tolerate any form of fraud, corruption or bribery when undertaking any of its responsibilities

The Council will prevent fraud, corruption and bribery by designing and formulating proportionate policies and systems to minimise risk.

The Council will continue to promote the detection and investigation of fraud, corruption and bribery including the application of robust, effective sanctions and recovery procedures where it is identified.

The Council recognises that bribery is a criminal offence. The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor will it, accept bribes or improper inducements. To use a third party as a conduit to channel bribes to others is a criminal offence.

The Council does not, and will not, engage indirectly in or otherwise encourage bribery. The Council is committed to the prevention, deterrence and detection of bribery and adopts a position of zero tolerance towards bribery.

Introduction

Fraud and corruption is detrimental to the provision of services, diverting scarce resource from the public purse. It is also damaging to the reputation of, and confidence in, the Council, and public bodies in general, and the morale of those who work for them.

This Strategy for the Prevention and Detection of Fraud, Corruption & Bribery is one part of a framework of arrangements in place to prevent fraud and wrongdoing. These include the Whistleblowing Policy and Anti-Money Laundering Policy. Other parts of the governance framework also contribute to prevent fraud and promote ethical behaviour, such as the Code of Conduct for Members, Code of Conduct for Staff, Register of Interests, Declaration of Gifts and Hospitality, Financial Regulations, Contract Procedure Rules, Human Resource (HR) policies, our commitment to transparency and the Risk Management Framework.

The Council gives out the clear message that it will not tolerate any impropriety by employees, elected Members, suppliers, contractors, customers or any third party. This Strategy outlines the approach the Council will take to combat fraud and corruption and it has the full support of Members and the Council's Senior Leadership Team.

Scope & Definitions

This Strategy covers all business, activities and transactions undertaken either by the Council or on its behalf. It applies to all Members and all those who work for or with the Council to include employees, agency staff, consultants, contractors, partners and volunteers. The Council also expects those it contracts, funds and partners to have their own equivalent arrangements in place to counter fraud and corruption.

The Strategy has regard to the provisions of the Fraud Act 2006, the Bribery Act 2010, Theft Act 1968, Proceeds of Crime Act 2002, Regulation of Investigatory Powers Act (RIPA) 2000, Identity Documentation Act 2010, Prevention of Social Housing Fraud Act 2013, Criminal Attempts Act 1981, Misrepresentation Act 1967, together with best practice such as CIPFA's "Managing the Risk of Fraud and Corruption".

Fraud and Corruption is the general name given to any acts of fraud, theft or bribery that occur or are attempted. Fraud, theft and bribery are each defined in law:

Fraud: Act of deliberate deception with the intent to gain a benefit from that deception or cause a loss to someone else. This can include: deception by making a false statement, representation or claim; by deliberately withholding information or by abusing a position of trust for the individual's own personal benefit.

Theft: The taking of property that belongs to someone else, dishonestly and without permission with the intent to deprive them of it. Such as the taking of cash, stocks or assets like vehicles of equipment.

Bribery: The offering or acceptance of any form of incentive, money or other benefit, by an employee to do something that they know that they shouldn't such as award a contract to the bribing party or provide confidential or sensitive information to another.

For the purposes of clarity and brevity the term "Fraud" is used in this document to describe all of the above.
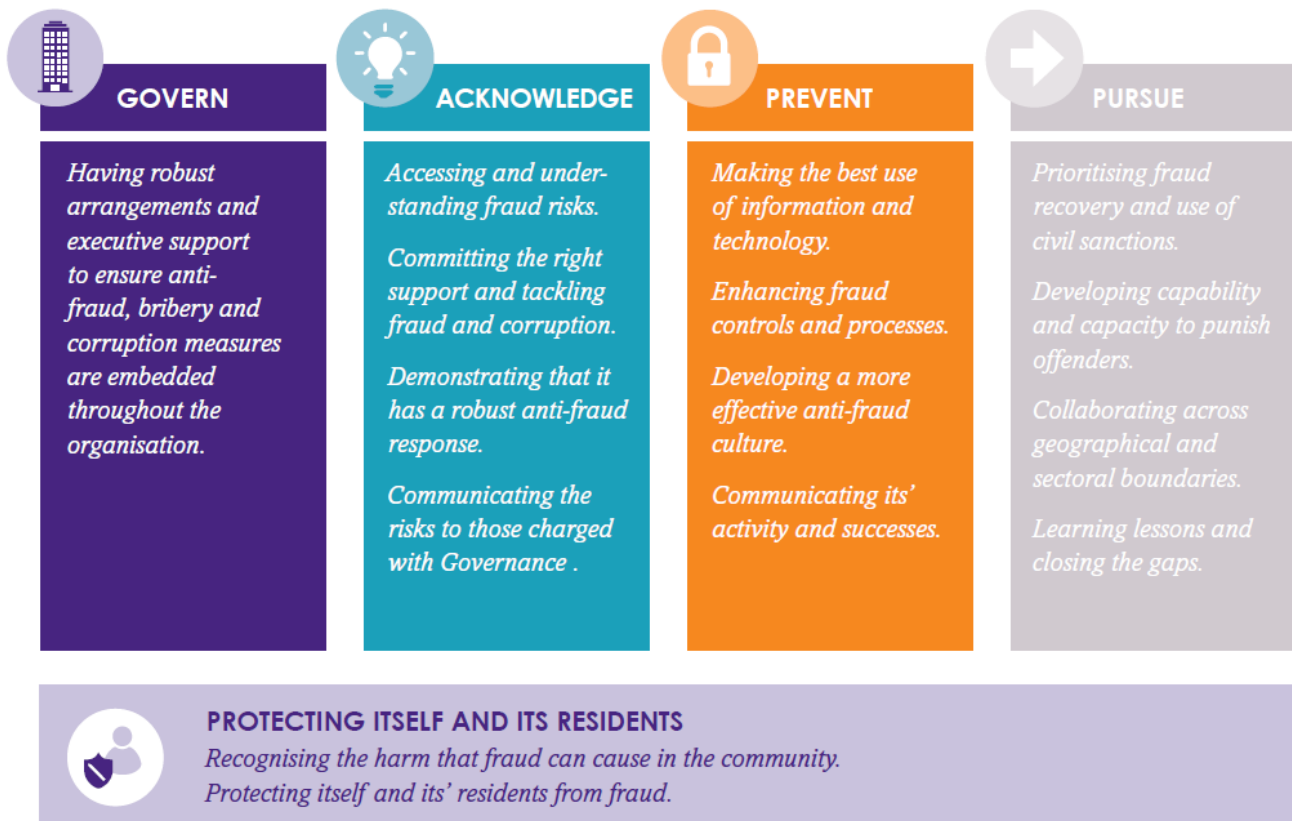
Objectives of the Strategy

The objectives of this Strategy and the fraud response plan are to:

- Maintain and promote a zero-tolerance culture to fraud and corruption
- Protect public money and the council's finite resources and reducing losses from fraud and corruption to the minimum possible.
- Consistently detect incidents of fraud and then investigate and take robust action against those found to be committing such acts

Counter Fraud Approach

This Strategy is aligned to the CIPFA Counter Fraud Centre 'Fighting Fraud & Corruption Locally Strategy for the 2020s', which provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities. The Council adopts the five principles as per the 'Fighting Fraud & Corruption Locally Strategy for the 2020s' shown below:

GOVERN

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

ACKNOWLEDGE

Accessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with Governance .

PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its' activity and successes.

PURSUE

Prioritising fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.

Counter Fraud Measures

The Fighting Fraud and Corruption Locally Strategy for the 2020s are adopted for the purpose of this Strategy as follows:

Govern

- The Council has robust governance arrangements and uses a holistic approach to tackle fraud and corruption

- Fraud risks are managed at senior management level and are service specific.

Acknowledge

- The Council acknowledges the risk of fraud and internal audit has included proactive counter-fraud audits within its audit plan.

- Staff in Internal Audit receive training in order to comply with their professional standards. This includes counter-fraud training to maximise the Council's ability to prevent, detect and investigate fraud, corruption and bribery.

- The risk of fraud is assessed by officers and emerging risk where identified is considered by senior management and the Internal Audit team. These are captured as part of the Council's risk management arrangements and Internal Audit maintain a fraud risk register to inform audit plans with respect to proactive counter fraud reviews.

Prevent

- All staff, in particular managers, are expected to be mindful of the potential for fraud and corruption and to design and implement procedures to prevent, deter and detect fraud and corruption. Especially when planning new projects and their delivery, also when working with third parties, where the risk of fraud may be higher.

- Setting the appropriate culture and ethical standards starts at the very top of the organisation and is reinforced as part of induction arrangements for Members and

staff. The Council's e-learning modules cover the values and expected behaviour of staff with a separate module covering whistleblowing. The latter will be reviewed to encompass this Strategy and Fraud Response Plan

- Where disciplinary matters are identified during investigations, HR and management will be informed in order that they may take relevant action. Where appropriate, criminal prosecutions will be considered.

- When an investigation is carried out against an employee, if appropriate, the investigation report might be referred to and/or used in any future disciplinary proceedings.

- Publicise relevant counter fraud activity and criminal prosecutions in order to demonstrate the Council's zero-tolerance approach.

- Data sharing and use of information technology are employed. Internal Audit. coordinates the National Fraud Initiative on behalf of the council, and uses NAFN (National Anti-Fraud Network) to identify the risk of fraud are where this may be taking place.

Pursue

- Appropriate sanctions will always be considered where fraud is identified, including criminal prosecution where this is in the public interest.

- The recovery of losses and any proceeds of crime will be considered in all appropriate cases.

Protect

- All necessary actions will be taken, including working with other local authorities, to protect the Council from organised fraud and corruption.

- Where weaknesses are identified through a service review, feedback from staff,

internal audit or incident occurring, the responsible manager must put in place immediate action to strengthen the system(s) affected.

- Fraud prevention measures, a key element in protecting the council and residents from fraud and corruption, will be employed.

Responsibilities

Roles and responsibilities for identifying and mitigating the risk of fraud must be clearly understood and embraced effectively. These are shown below:

Elected Members:

- lead by example, maintaining high standards and the ten principles of conduct and adhere to the Members' code of conduct, constitution, financial regulations and relevant legislation.
- declare all potential conflicts of interest and any gifts and hospitality offered or received to Democratic Services.
- report any concerns regarding fraud, bribery or corruption.

Chief Executive Officer, Monitoring Officer and Section 151 Officer

- acting as champions for effective anti-fraud and corruption practices
- provide advice to all elected members and staff about vires issues, maladministration, financial impropriety, probity and policy framework and budget issues.
- The Chief Executive Officer is responsible for espousing and upholding high standards of conduct by officers, ensuring oversight of compliance with the member-officer protocol and with other policies adopted by the Council.
- The Monitoring Officer encourages the promotion and maintenance of high standards of conduct within the Council, particularly through provision of support to the Standards Committee.
- The Section 151 Officer undertakes the statutory responsibility under the Local Government Act 1972 to ensure the proper arrangements for the administration of the Council's financial affairs. This role is supported by the work undertaken by Internal Audit.

Heads of Service

- service risk registers accurately reflect the risk of fraud, including emerging risks, e.g. due to changes in technology or working practices
- control procedures are effective and operating effectively to prevent and detect fraudulent activity
- Financial Regulations including Contract Procedure Rules are complied with
- those engaged in counter fraud activity have the appropriate skills and knowledge and are given the appropriate authority and access to enable them to do this work effectively
- Report all instances of suspected fraud, corruption or bribery without delay to the Section 151 Officer, Chief Internal Auditor and/or Monitoring Officer, who will advise on the best method for dealing with the allegation. The matter should not be discussed with other members of their team or colleagues.
- Ensuring a register of declaration of interests is maintained (and Legal Services made aware) and safeguards put in place where there is a conflict of interest.

Managers

- Set and promote a top-level commitment to an organisation wide culture of preventing all forms of fraud, corruption and bribery
- Ensuring the risk of fraud is assessed in the areas applicable to the service
- Ensuring corporate procedures and systems of internal control are in place to protect the resources for which they are accountable and effective at detecting fraudulent activity.
- Ensure their staff are aware and comply with the requirements of the Staff Code of Conduct, Financial Regulations, Contract Procedure Rules, Gifts and Hospitality, Register of Interests and other council policies.
- Implementing new controls to reduce the risk of similar fraud where frauds have taken place

- create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities
- Report all instances of suspected fraud, corruption or bribery without delay to the Section 151 Officer, Chief Internal Auditor and/or Monitoring Officer, who will advise on the best method for dealing with the allegation. The matter should not be discussed with other members of their team or colleagues.

Employees

- Adhere to the Employee's Code of Conduct and council policies
- Appropriate handling of council resources and monies including via payment systems, receipts, contracting and grant claims.
- Perform duties carefully and honestly and follow council procedures and practices and guidance to prevent fraud and corruption.
- Be alert to and proactively identify unusual events or transactions which could be indicators of fraud and vulnerabilities
- Reporting immediately a suspected fraud or attempted fraud
- Cooperate fully with whoever is conducting internal checks, reviews or fraud investigations.
- Declare any business or personal interest to Head of Service.

Human Resources

- Ensuring recruitment processes and the Officers' Code of Conduct support the highest standards of conduct
- Advising and supporting managers in implementing suspensions and disciplinary procedures
- Ensuring employment matters are dealt with in a consistent and fair way regarding any case of suspected fraud

Information Technology

- Deploying cyber-security measures, raising awareness and highlighting best practice to limit the risk of phishing attacks and other forms of digital fraud
- Developing systems in a way that limits and addresses the risk of fraud

Contractors, funding recipients and partners

- Adhering to the council's contract terms and conditions or grant terms, including provisions relating to financial management, anti-bribery and standards or behaviour
- Putting in place policies and internal controls to counter fraud and corruption to maintain high standards of conduct and integrity
- Report any concerns to the Council and work with the council to address concerns as relevant.

Internal Audit

- Assessing and highlighting weaknesses and subsequent agreed actions to improve the council's system of internal control
- Reviewing, identifying and agreeing actions to address risks of fraud and corruption during audits
- Advise and guide managers on anti-fraud and corruption arrangements
- Supporting fraud investigations.

External Audit

Safeguard the stewardship of public money by carrying out specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern.

Reporting Fraud, Bribery and Corruption

If you suspect fraud, bribery or corruption has taken place against the Council, you must raise your concerns immediately either with the Monitoring Officer, Section 151 Officer or Chief Internal Auditor. See Appendix B for a guide for employees on how to raise concerns. Other reporting mechanisms include:

- Audit Wales Whistleblowing whistleblowing@audit.wales
- Protect (formerly Public Concern at Work) https://protect-advice.org.uk/

Whistleblowing

The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct policy and procedures

You can either raise your concerns with your line manager, senior managers within your service or one of the post-holders listed below:

- Head of Service
- Corporate Directors
- Chief Executive Officer
- Head of Legal, HR & Democratic Services / Monitoring Officer
- Head of Internal Audit
- Head of Finance & Property Services / Section 151 Officer
- Trade Union

Monitoring and review

This Strategy and Fraud Response Plan will be kept under review to ensure its effectiveness in preventing and detecting fraud and corruption. This will be done as part of the review and production of the Annual Governance Statement which will report any significant weaknesses relating to fraud that have transpired during the year in question.

Appendix A: Counter Fraud, Corruption & Bribery Action Plan

What	Who	When
Launch the revised Strategy for the Prevention and Detection of Fraud, Corruption & Bribery and Fraud Response Plan once approved by SLT and Governance & Audit Committee. Initially through Denbighshire Today and then as part of attendance at Service Management Team meetings.	Monitoring Officer & Chief Internal Auditor	July 2021 – December 2021
Explore the potential to include fraud awareness as part of an existing e-learning module e.g. whistleblowing.	Strategic HR Manager & Chief Internal Auditor	May 2022
Develop staff to become Accredited Counter Fraud Technicians.	Internal Audit	December 2021
Launch the revised Anti-Money Laundering Policy and promote with relevant staff.	Chief Accountant/S151 Officer	September 2021
Review the Whistleblowing Policy.	Monitoring Officer	April 2022
Review counter fraud arrangements as part of the Annual Governance Statement.	Corporate Governance Working Group	February 2021 (and annually thereafter)
Update the fraud risk assessment and use the results to determine the proactive Counter Fraud Reviews to be undertaken as part of the Internal Audit Strategy each year.	Chief Internal Auditor	March 2021 (and annually thereafter)

What	Who	When
Develop horizon scanning and intelligence sharing: • use of National Anti-Fraud Network (NAFN) • co-ordination within the council to identify and monitor fraud risks and trends. • Coordination with other organisations such as Wales Fraud Group and NW Las Fraud Group.	Internal Audit	Ongoing
Reviewing and update Internal Audit Fraud investigation Procedure.	Chief Internal Auditor	31 December 2021
Continue to coordinate the National Fraud Initiative (NFI) and report outcomes to the Corporate Governance & Audit Committee.	Internal Audit	Ongoing
Encourage services to use NFI AppCheck as a means to prevent fraud.	Internal Audit	Ongoing

Appendix B Guide to Reporting Fraud, Corruption & Bribery

Fraud is an act of deliberate deception made with the intent to gain a benefit from that deception or cause a loss to someone else through false representation, failing to disclose information or abuse of position.

Corruption/Bribery is the offering, promise, giving, requesting, agreeing to receive, or accepting a payment or other advantage to induce or reward a person to improperly carry out their duties.

DO

- Note your concerns, details of names, descriptions, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.
- Retain/secure evidence that may be destroyed – don't alter or write on it in any way.
- Report your suspicion promptly. Delays may lead to further loss.
- Be discreet. Do not discuss your concerns with anyone who doesn't need to know.

DO NOT

- Never confront the suspect or convey concerns to anyone other than those authorised. This could alert the fraudster, place you at harm and jeopardise an investigation/ put evidence at risk.
- Never attempt to investigate or gather evidence yourself (unless it is about to be destroyed). Contact Internal Audit as soon as possible for advice and guidance.
- Don't be afraid of raising your concerns. The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns.

If you suspect fraud against the Council has taken place, you must report it immediately:

- To your line manager in the first instance, where appropriate **and**
- To the Chief Internal Auditor (Lisa Lovegrove), Monitoring Officer (Gary Williams) or the Section 151 Officer (Steve Gadd)
- Via email to Internal Audit audit@denbighshire.gov.uk

Appendix C: Fraud Risks

The 'Fighting Fraud & Corruption Locally Strategy for the 2020s' details the following areas as significant risks to Local Authorities:

- Social care fraud: personal budgets and direct payments – overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
- Schools
- Right to buy (not currently applicable in Wales)
- Money laundering – exposure to suspect transactions
- Commissioning of services – including joint commissioning, joint ventures, commercial services, third sector partnerships – conflict of interest, collusion
- Tenancy – fraudulent applications for housing or succession of tenancy, and subletting of the property
- Procurement – tendering issues, split contracts, double invoicing
- Payroll – false employees, overtime claims, expenses
- Identity Fraud – false identity/fictitious persons applying for services/payments
- Council Tax – discounts and exemptions, council tax support
- Blue Badge – use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of deceased person's Blue Badge, badges issued to institutions being misused by employees
- Grants – work not carried out, funds diverted, ineligibility not declared
- Business rates – fraudulent applications for exemptions and reliefs, unlisted properties
- Insurance fraud – false claims including slips and trips

- Disabled facility grants – fraudulent applications to homes aimed at the disabled
- Concessionary travel schemes – use of concession by ineligible person
- No recourse to public funds – fraudulent claims of eligibility
- New responsibilities – areas that have transferred to local authority responsibility
- Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants.
- Immigration – including sham marriages. False entitlement to services and payments
- Cyber dependent crime and cyber enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.