



## Counter Fraud & Counter Corruption Policy & Strategy

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## **Foreword**

We believe that the overwhelming majority of the council's employees, councillors, customers, contractors and suppliers are honest and have no thought to defraud the council. However, we recognise that a small minority will attempt to do just that. Any money lost in this way is money that we cannot spend delivering the critical public services we provide to the citizens of Nottinghamshire. Fraudsters not only cheat local taxpayers, but they deprive local people of the services they depend upon.

This is why fraud in Nottinghamshire County Council will not be tolerated. We are determined to keep up a strong guard against it through the approach set out in this document.

We all have a part to play in stamping out fraud. As we deliver our services, we must recognise the importance of the controls set out in this document to protect us from fraud. We must all remain vigilant and recognise the many forms that fraud and corruption may take. We must have the conviction to raise any concerns we come across. And we must have the resolve to investigate those concerns promptly and to take tough action against proven fraudsters.

This document sets out a comprehensive approach to ensuring that fraud is reduced to an absolute minimum. Its success will depend on our co-operation to send out the robust message to potential fraudsters that they will be rooted out and dealt with.

.....  
Anthony May  
Chief Executive

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Cllr. Alan Rhodes  
Leader of County Council

.....  
Cllr. Keith Walker  
Chair of Audit Committee

## **Counter-Fraud & Counter-Corruption Policy**

1. Nottinghamshire County Council, in common with all public authorities, recognises the potentially significant risk that fraud and corruption pose to the achievement of the council's aims and objectives. Put simply, any money lost to fraud and corruption is money that cannot be used for the delivery of essential, public services.
2. The eradication of fraud and corruption is also of paramount importance to securing the trust and confidence of Nottinghamshire residents and the local business community.
3. The County Council strives to achieve the highest standards of public service, therefore it adopts a zero tolerance stance against all forms of fraud, corruption, bribery and theft.
4. The County Council is committed to embracing best practice approaches to fighting fraud and corruption, and the strategy that follows is designed to achieve this. The Council will continually review and revise the strategy to ensure its resilience to fraud and corruption is maximised.
5. All councillors and employees of the council have an important role to play. They must comply themselves with key council policies, procedures and standards of conduct, and they must remain vigilant to potential incidents. The County Council also encourages its contractors, partners and members of the public to raise concerns at the earliest opportunity.
6. The County Council is committed to investigating concerns thoroughly, promptly and, wherever possible, confidentially. Malicious or vexatious allegations will not be tolerated, however.
7. Wherever fraud or corruption is proven, the County Council will take all appropriate action against the perpetrator and will pursue all options available to recover any losses incurred.

# **Counter-Fraud & Counter-Corruption Strategy**

## **1. Aims and objectives**

- To risk-assess new and existing fraud threats.
- To create a strong counter-fraud and counter-corruption culture within the council.
- To maintain effective systems and procedures for the prevention and detection of fraudulent and corrupt activity.
- To establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated.
- To take appropriate and strong action to deal with proven fraudsters.
- To vigorously pursue all forms of redress to recover financial losses.

## **2. Scope**

This strategy and the associated policy apply to all council employees, members, consultants, contractors, suppliers, council funded voluntary bodies and individuals, partners, and any external agencies doing business with the council. All suspicions of financial impropriety arising from the activities of any of these groups fall within the scope of this strategy.

## **3. Definitions of fraud, corruption, bribery and theft**

### ***Fraud***

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as '*...the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.*'

3.2 The Fraud Act 2006 establishes that fraud may be committed in the following ways:

- a) Fraud by false representation
- b) Fraud by failing to disclose information
- c) Fraud by abuse of position.

### ***Corruption***

3.3 '*The Investigation of Fraud in the Public Sector*' (CIPFA, 1994) defines corruption as 'the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.'

### ***Bribery***

3.4 The Bribery Act 2010 establishes that an offence of bribery occurs when a person offers, gives or promises to give a financial or other advantage to another in exchange for improperly performing a relevant function or activity. Similarly, the offence of being bribed is defined as requesting, accepting or agreeing to accept such an advantage in exchange for improperly performing such a function or activity.

### ***Theft***

- 3.5 The Theft Act 1968 states that *'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'*

## **4. Fraud Threats**

- 4.1 An Annual Fraud Report shall be presented to the Corporate Leadership Team and the Audit Committee. The report shall include a fraud risk assessment for the Council, drawing on both national and local sources of intelligence.
- 4.2 The Annual Fraud Report shall assess whether the level of resource invested in counter-fraud and counter-corruption activity is proportionate to the assessed level of risk facing the Council.
- 4.3 An important element in the Annual Fraud Report is to consider the Council's resilience to fraud and corruption. Resilience will be tested by a range of means:
- Internal Audit's scheduled reviews of key systems assessed as vulnerable to fraud and corruption
  - Evaluation of the Council's counter-fraud arrangements against best practice guidance.
  - Review of the adequacy and effectiveness of the Council's Fraud Response Plan.

## **5. Deter, Prevent & Detect**

- 5.1 The Council's first line of defence is to deter would-be fraudsters from considering an attack against the Council. The deterrence factor will be maximised through a range of measures:
- Prominent publication of the Council's zero tolerance stance against fraud and the strategy for combating it
  - Design and implementation of a fraud awareness programme, to ensure the profile of fraud remains high among the Council's staff, members, contractors and partners.
  - Publication of the Council's successes in identifying and taking strong action against fraudsters.
- 5.2 It will not be possible to deter all fraudsters, therefore the Council must ensure it has strong preventative controls in place. Wherever appropriate and cost-effective to apply, the Council will design and implement controls to prevent fraud. The Council's Internal Audit Section reviews those areas of the authority's activity deemed to be at greater

risk to fraud and corruption, and it works with management to recommend suitable, preventative controls.

5.4 Despite its best efforts to deter and prevent fraud, attacks against the Council will inevitably slip through. A range of actions are taken to detect such cases:

- All staff are expected to comply consistently and routinely with internal controls designed to bring data anomalies and other indicators of fraud to the attention of management. As with the preventative controls, the Council's Internal Audit Section reviews the adequacy of the authority's fraud detection controls in key systems, and it makes recommendations for any weaknesses to be addressed.
- The Council participates fully in the National Fraud Initiative (NFI), and it remains open to taking part in other national or regional opportunities to detect fraud through similar data-matching exercises. In doing so, the Council ensures that it complies with the agreed data-sharing protocols.
- As part of its counter-fraud programme, the Internal Audit Section carries out targeted, analytical reviews of key systems and services to identify indicators of fraudulent activity.
- The Council's whistleblowing policy is prominently publicised to encourage staff, members, contractors and partners to raise any genuine suspicions they may have.
- The Council will participate in national and regional counter-fraud networks and take prompt action to review the relevance to the Council of all fraud bulletins issued by those groups.

5.5 Changes and developments in the Council's internal systems and procedures may adversely impact the established controls to counter fraud. The impact on the fraud risk in changing and new systems and procedures will be evaluated through timely liaison with the Internal Audit Section to discuss new and significantly changing systems and procedures.

## **6. Pursue**

6.1 Where there are genuine grounds to suspect fraud or corruption, the Council is committed to ensuring that all cases are investigated promptly, effectively and fully. The Council has developed a Fraud Response Plan [include link to the plan once it has been developed] and it is expected that this plan should be followed in all cases.

6.2 All matters involving suspected criminal activity will be referred to the Police at the earliest opportunity. The referral decision will be taken jointly by the Council's Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative).

- 6.3 In support of the Council's zero-tolerance stance, there shall be a general presumption that the Council will request the Police to charge offenders in all cases of fraud, corruption, bribery and theft. The Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative) will apply the prosecution policy on a case-by-case basis.
- 6.4 Where the Police or Crown Prosecution Service decide not to charge offenders, the Council will consider bringing a private prosecution. The Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative) will consider each prosecution on a case-by-case basis.
- 6.5 Where offenders are identified as employees of the Council, the authority's disciplinary procedure will be invoked in all cases. [provide link to disciplinary process]
- 6.6 The Council will pursue all possible options to recover any losses incurred.

## **7. Responsibilities**

- 7.1 *Appendix 1* sets out the key actions required of the various staff groupings to deliver this strategy.

## **8. Communication and Training**

- 8.1 The strategy and the associated fraud response plan will be widely publicised to ensure it is readily available to employees, councillors, partners, contractors, other stakeholder groups and the general public. Prominent publication should also ensure that the strategy comes to the notice of potential fraudsters. The council's Communications Team will advise on the most suitable format, timing and media to be used.
- 8.2 The Council will put in place a training plan to enhance its employees' ability to deliver this strategy. The specific content of the training plan will be subject to review as part of the Annual Fraud Report, but its key components are likely to include the following:
- Requirement for all staff to complete a periodic fraud awareness survey
  - Qualification training for staff responsible for the investigation of suspected fraud
  - Targeted training for key staff likely to require the Fraud Response Plan.

## **9. Success measures**

- 9.1 The Annual Fraud Report will include an evaluation of the success of this strategy in achieving its objectives. Success measures and indicators will include, but not be limited to, the following:

- a) Analysis of trends in the incidence of reported fraud cases
- b) Take-up of council-wide fraud awareness training
- c) Outcome of formal audits of compliance with key preventative and detective controls in areas of activity vulnerable to fraud
- d) Timely responses to suspected cases identified
- e) Effectiveness of actions taken against proven fraudsters
- f) Recovery rate for any losses incurred.

## **10. Links to other NCC policies/strategies**

10.1 The counter-fraud and counter-corruption strategy has clear links and dependencies on a number of other council policies and strategies:

- Fraud Response Plan
- Whistleblowing Policy
- Codes of conduct for staff and members, incorporating the standards for dealing with gifts, hospitality and pecuniary interests
- Financial Regulations
- Anti-Money Laundering Policy
- Cyber security policies

[Links to be inserted for each of the above]

## **11. Review of strategy**

11.1 The strategy will be subject to regular review as part of the Annual Fraud Report, which will make recommendations for any required changes to it.



**KEY RESPONSIBILITIES FOR DELIVERING THE STRATEGY**

**APPENDIX 1**

<b>ACTION</b>	<b>Internal Audit</b>	<b>Monitoring Officer &amp; S151 Officer</b>	<b>Service Directors/ Group Managers/ Team Leaders</b>	<b>Corporate Directors (CLT)</b>	<b>Members (Audit Committee)</b>	<b>All staff, contractors &amp; partners</b>
<b>1. Strategy development, maintenance &amp; reporting</b>						
1.1 Maintain the Counter Fraud Strategy	X					
1.2 Carry out the annual Fraud Risk Assessment	X					
1.3 Compile the Annual Fraud Report	X					
1.4 Review and approve the strategy, risk assessment and fraud report			X	X	X	
<b>2, Deter</b>						
2.1 Publication of the Counter-Fraud Strategy	X				X	
2.2 Design & implement a periodic fraud awareness programme	X					
2.3 Participation in fraud awareness surveys	X	X	X	X	X	X
2.4 Publication of successes in dealing with fraud	X				X	
<b>3. Prevent</b>						
3.1 Review the preventative controls in key council systems	X		X			
3.2 Implement agreed actions to strengthen internal controls		X	X	X		X
3.3 Ensure consistent compliance with established controls to prevent fraud		X	X	X		X
3.4 Consider the implications for counter-fraud	X		X	X		

<b>ACTION</b>	<b>Internal Audit</b>	<b>Monitoring Officer &amp; S151 Officer</b>	<b>Service Directors/ Group Managers/ Team Leaders</b>	<b>Corporate Directors (CLT)</b>	<b>Members (Audit Committee)</b>	<b>All staff, contractors &amp; partners</b>
controls of new or changing systems and procedures						
3.5 Incorporate in committee reports consideration of the counter-fraud implications of new or changing policies		X	X	X	X	
<b>4. Detect</b>						
4.1 Review the detective controls in key council systems and carry out targeted, analytical reviews in high risk areas of activity	X	X	X	X		
4.2 Implement agreed actions to strengthen detective controls		X	X	X		X
4.3 Ensure consistent compliance with established controls to detect fraud		X	X	X		X
4.4 Publicise the whistleblowing policy	X	X		X		
4.5 Raise fraud and corruption concerns promptly through the whistleblowing policy, with a line manager/senior manager, or directly with Internal Audit	X	X	X	X	X	X
4.6 Participate in the National Fraud Initiative, the National Anti-Fraud Network and other counter-fraud groups	X					
<b>5. Pursue</b>						
5.1 Follow the Fraud Response Plan in all cases where fraud and corruption are suspected.	X	X	X	X	X	X
5.2 Decision to refer a case to the police for		X				

<b>ACTION</b>	<b>Internal Audit</b>	<b>Monitoring Officer &amp; S151 Officer</b>	<b>Service Directors/ Group Managers/ Team Leaders</b>	<b>Corporate Directors (CLT)</b>	<b>Members (Audit Committee)</b>	<b>All staff, contractors &amp; partners</b>
investigation						
5.3 Decision to apply the prosecution policy		X				
5.4 Decision to invoke the council's disciplinary process			X	X		
5.5 Consider options for seeking recovery of losses incurred		X	X	X		