



Anti-fraud and corruption strategy

A framework for the prevention and detection of fraud, bribery and corruption.

Foreword

Worcestershire County Council and Worcestershire Pension Fund are committed to protecting public monies and we will, through oversight by the Audit & Governance Committee and the Pensions Committee, prevent, detect and prosecute instances of fraud and corruption.

The complexities, types and scale of public spending means the risk of fraud and corruption remains a key issue for local government to manage. Fraud is difficult to identify and often only the instances of fraud that have been discovered are reported. It is essential that we have a strategic response to fraud that focuses on minimising the risks and proactively takes measures to prevent fraud occurring, keeping every pound safe to be spent on Worcestershire residents. This Strategy will ensure that best practice is identified and embedded across all services, projects and partnerships.

Our ambition is to manage the risk of fraud and corruption by keeping it to an absolute minimum. We have already taken steps to manage these risks through our robust governance arrangements. These arrangements are further supported through the Internal Audit service tasked with delivering this Strategy. The threat from fraud and corruption is both internal and external. Our expectation is that councillors and employees at all levels will lead by example to ensure the highest standards of probity and accountability are established and strictly adhered to, and that personal conduct is above reproach. Every employee and councillor has a responsibility to be vigilant and report any suspicions that fraud or corruption have been, are being or may be committed.

The Strategy underpins the Council and Fund's goals and ambitions in seeking to ensure sound governance and supports the outcomes in enabling greater engagement with the community and partners, whilst protecting the public purse.

Councillor Simon Geraghty
Leader and Cabinet Member, Finance

Councillor Nathan Desmond
Chair of Audit & Governance Committee

Councillor Paul Middleborough
Chair, Worcestershire Pension Fund

The Anti-Fraud and Corruption Strategy (the Strategy) is based upon comprehensive ongoing risk assessments in all areas of Council and Fund activity, to reduce losses from fraud and corruption, through:

- Reinforcing an organisational culture of zero tolerance to fraud and corruption
- Encouraging prevention through training and information updates
- Pro-actively detecting fraud and corruption
- The instigation of legal, disciplinary and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the Council
- Ensuring a strong control environment

The Strategy will continually evolve as the Council gains a better understanding of the potential threat from fraud and corruption and as new and existing partnerships develop. The strategic ambitions will be further supported in practical terms by an operational delivery plan which is contained in Appendix A of this document.

1. What do we mean by fraud and corruption?

Fraud

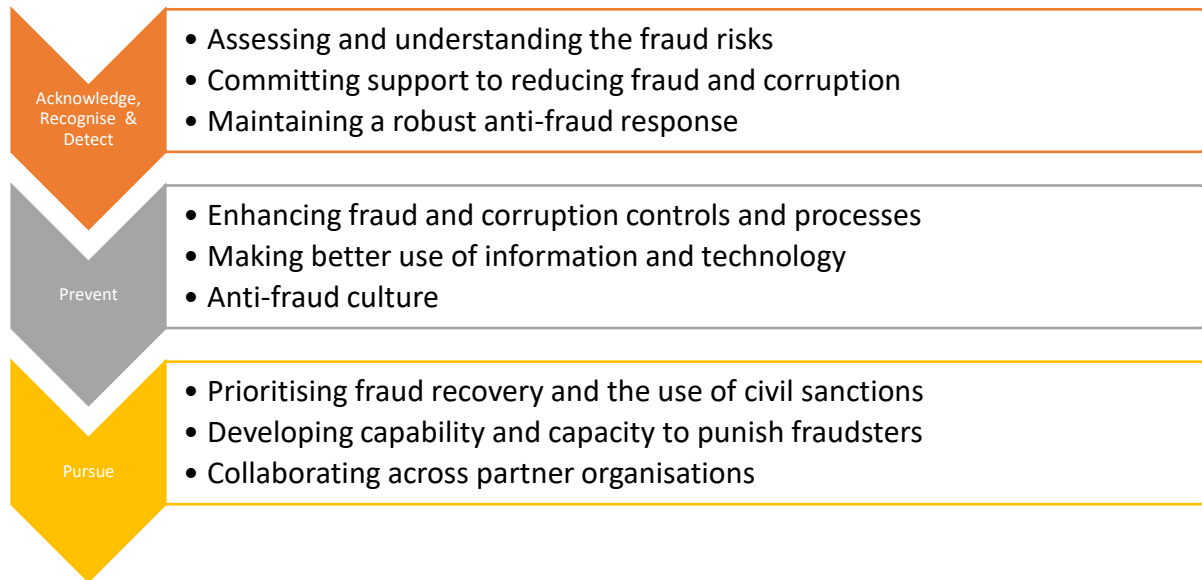
The term fraud commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy, and money laundering. These include, but are not confined to, the specific offences in the Fraud Act 2006. For the purposes of this document fraud can be attempted or include actual acts committed against the council and/or its partners.

Corruption

Corruption is the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly. It is an offence under the Prevention of Corruption Act 1906 – and as amended by subsequent Acts and section 117 (3) of the Local Government Act 1972.

2. What is our control environment?

The Council and Fund implement a strategic approach to minimise fraud and corruption consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally'. The three key themes of this approach are Acknowledge, Prevent and Pursue:



This approach sits alongside an established framework of policies, procedures and controls which provide the major elements of its fraud and corruption prevention governance arrangements. These include:

- Council Constitution including Financial Regulations
- Code of Conduct for Councillors and for Employees
- Registers of Interest
- Procurement Rules and Guidance
- Whistle Blowing Policy
- HR policies and procedures for managing recruitment
- Standards Committee
- Codes of Practice on Planning Matters and Local Authority Publicity
- Anti-Money Laundering Policy and Procedures
- HR policies and procedures for managing performance including disciplinary matters
- I.T. Security Policy

Our aim is to fully integrate this Strategy into existing policies, procedures and controls, ensuring it becomes a key part of the governance and risk management framework.

The Council and Fund will also have full regard to relevant legislative requirements, including but not limited to:

- Regulation of Investigatory Powers Act 2000
- Proceeds of Crime Act 2002
- Money Laundering Regulations 2007
- Bribery Act 2010
- Companies Act 2006
- Terrorism Act 2006
- Police and Criminal Evidence Act 1984
- Fraud Act 2006
- Competition Act 1998
- Relevant Pension Regulation

Everyone has a role to play in deterring, preventing and prosecuting fraud and corruption:

Stakeholder	Specific Responsibilities
Chief Executive (Head of Paid Service)	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Financial Officer / Treasurer to the Fund (Section 151 Officer)	To ensure the Council and Fund have an effective fraud and corruption prevention strategy, there is an effective internal control environment and there is an effective internal audit service to provide an objective view of the internal control environment.
Monitoring Officer (Head of Legal and Democratic Services)	To help ensure that the Council does not act unlawfully
Audit & Governance Committee / Pension Committee	To monitor and oversee the Council's strategies and policies and consider the effectiveness of the Whistleblowing Policy, Money Laundering and Anti-Fraud and Corruption Strategy.
Councillors	To promote and support the Council's and Fund's stance on fraud, corruption and bribery.
External Audit	A statutory duty to ensure that the Council and Fund has in place sound arrangements for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit	To develop and implement the Anti-Fraud and Corruption Strategy and to investigate any cases of suspected fraud reported under this Strategy or via the Whistleblowing Policy. To provide advice and reviews on the effectiveness of internal controls which are designed to reduce the risk of fraud, corruption, bribery and theft.

Heads of Service and Service Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that strong internal controls are in place and that these are properly implemented.
Staff	To comply with Council and Fund' policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management and/or Internal Audit, taking into consideration, if necessary, the Whistleblowing Policy
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud, corruption and bribery against the Council and report any genuine concerns or suspicions

3. How will we acknowledge, recognise and detect fraud and corruption?

Our control framework will be informed through a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in countering fraud and corruption. Use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas is key. We will also be focusing on raising staff awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

Management information and analytics provide a valuable source to inform directed testing. Analysing financial and performance data to target investigations and produce exception reports for management to question and challenge will be co-ordinated through Internal Audit and form a key part of information provided regularly to the Council's leadership.

The diversity of the services the Council and its partners provide, and the multiplicity of systems used to manage them, generates huge volumes of records and data. Our fraud detection processes will compare data from a variety of its systems and partners systems to identify anomalies, improve information sharing across services and inform the risk management process. This process will include ongoing engagement with the National Fraud Initiative and other data sharing initiatives.

Whistle blowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its whistle blowing policy and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon.

http://www.worcestershire.gov.uk/downloads/file/4725/whistleblowing_policy_and_procedure

The Internal Audit service also manage the fraud hotline (01905 843222) where staff, partners and residents can register any concerns.

4. How will we prevent fraud and corruption?

Enhancing fraud and corruption controls and processes

The best way to fight fraud and corruption is to prevent it happening in the first place. The Council and Fund will continually work towards realigning counter fraud resources away from enforcement towards prevention, aiming to deter all would be offenders. Existing measures to prevent fraud and corruption will be strengthened through the establishment of a Fraud resource within the Internal Audit service who will have the capability and capacity, across the whole organisation and working with partners, to:

- Identify fraud prevention controls
- Investigate allegations of fraud and corruption
- Prosecute and sanction offenders

Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk-based audit reviews. The reviews will support the development of effective, value for money counter fraud measures that also enhance the quality of our customer service

Anti-fraud culture

The Council and Fund are resolute that there is a culture and tone of honesty with zero tolerance towards fraud and corruption, as demonstrated through its behavioural framework and codes of conduct for employees and members. The right organisational culture will be continually reinforced by:

- Raising awareness of this strategy to new and existing employees
- Publicising the results of all proactive work, sanctions and recovery of losses due to fraud and corruption increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

5. How will we pursue fraud and corruption?

Fraud must not pay, and where fraud or corruption is discovered the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity. Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions We will always publicise successful prosecutions.

Organised fraud can cross a range of organisations and services. Effective cooperation and joint working between local authorities and with other agencies including the Police and NHS Primary Care Trust will be essential in the ongoing development of the Council's and Fund's strategic response.

6. How will we implement and communicate the strategy?

A proactive and robust response to fraud and corruption which is embedded at the heart of an organisation will help to deter even the most determined fraudster.

The aims of this Strategy have determined a set of actions which can be found in Appendix A to this document. Delivery of the action plan will be reviewed and monitored by regular reporting to the Council's Audit and Governance Committee and the Pension Fund Committee and an annual update to Full Council.

We are developing a communication strategy which will set out our detailed approach, but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to fraud and corruption, both internally to the council's staff and councillors, but also externally to the public, businesses and partners.

Appendix A – Action plan

Ref	Link to Strategy	Action	Assigned To	Target Date	Commentary
1. Culture					
1.1	The Council and Fund embed a culture of integrity and honesty for all staff. The Council and Fund also expects that all outside individuals and organisations including suppliers, contractors and claimants will act towards the Council and Fund with honesty and integrity.	<p>The Anti-Fraud and Corruption Strategy will be made available to all individuals and organisations outside of the Council and Fund</p> <p>Enhance fraud communications and update literature including:</p> <ul style="list-style-type: none"> • Introduction of periodical fraud newsletter for all staff. As well as highlighting fraud risks of significance to the Council the newsletter will also feature national fraud alerts that may be of interest to staff. • Review and update the fraud pages on the intranet and on the Council's website as necessary. • Internally promote fraud communications and literature, particularly during International Fraud Awareness Week. 	Jenni Morris. Chief Internal Auditor	July 2020	This will be done via the Council Website and the Strategy will be included in Partnership and contractual agreements
1.2	All councillors and employees are expected to be aware of standards of conduct and the procedures designed to reduce the risk of fraud, bribery and corruption occurring.	<p>A reminder will be issued to all councillors and employees of the expected standards of conduct and procedures.</p> <p>All staff and councillors to complete an annual declaration of interest.</p> <p>This will also be included in both councillor and employee inductions.</p>	Jenni Morris. Chief Internal Auditor	Annual review	<p>This will be done via the Intranet</p> <p>Annual declaration of interest by all staff Inclusion in Induction Programme</p>

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1.3	All employees shall be responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area.	<p>Managers should ensure they are aware of the types of fraud that may affect their service area and that appropriate internal checks and controls are in place to mitigate these risks.</p> <p>Internal Audit to disseminate fraud warnings and alerts to relevant managers and officers.</p> <p>Undertake service specific fraud awareness training and presentations – ongoing programme to be guided by investigation work (organisational learning) and fraud risks.</p>	ALL	Immediate	<p>Advice notes to be passed to Managers by Internal Audit.</p> <p>Internal Audit to carry out fraud awareness training</p>
1.4	Fraud and corruption risks will be considered as part of the council's strategic risk management arrangements.	<p>Continually review and update the fraud risk register to:</p> <ul style="list-style-type: none"> • Identify new and emerging risks • Ensure inherent and residual risk ratings are appropriate for risks already included on the risk register • Enable management to understand the risks their service areas are exposed to. 	Corporate Risk Management Group	Quarterly	
1.5	The Council's and Fund's employees are positively encouraged to raise any concerns that they may have on potential instances of fraud and corruption,	Review the Council's and Fund's whistleblowing arrangements, taking into consideration any amendments to law, including the European Commission's proposed law to increased protections for	Jenni Morris, Chief Internal Auditor	Annual review	

Ref	Link to Strategy	Action	Assigned To	Target Date	Commentary
	<p>immaterial of seniority, rank or status, where they are associated with the council's activity. This they can do in the knowledge that such concerns will, wherever possible, be treated in confidence and properly investigated. The public also has a role to play in this process and should inform the council if they feel fraud/corruption may have occurred.</p>	<p>whistle-blowers. Any review should also take account of best practice, particularly that provided by "Public Concern at Work".</p> <p>Once reviewed and updated where necessary, the Policy should be made available to all members of staff, councillors and the public.</p> <p>Additional opportunities to discuss fraud should be made available, such as team meetings etc.</p> <p>Appropriate fraud training should be provided to all new and existing employees (mandatory) and councillors (recommended).</p>		Ongoing	

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2. Prevention					
	The Council and Fund recognise that a key preventive measure in the fight against fraud, bribery and corruption is the taking of effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary & contract staff will be treated in the same manner as permanent staff.	Whether an employee is permanent, temporary or contract, all relevant checks should be undertaken for the job role in question.	Human Resources	Ongoing	Review of relevant checks
2.2	The Council and Fund will regularly review and keep its disciplinary procedures up to date and in line with good practice.	The Council's and Fund's disciplinary procedures should be reviewed on an annual basis or in the event of updated regulations or guidance.	Human Resources	Ongoing	
2.3	The Council and Fund have contract procedure rules and financial procedure rules in place that specify procedures to be followed in administering the council's affairs and place a requirement on employees when dealing with the council's affairs to act in accordance with best practices.	Engage more readily with suppliers/contractors to reinforce the Council's and Fund's anti-fraud and corruption culture.	Human Resources / CFO / Head of Procurement	Ongoing	Consider use of the Competition and Markets Authority cartel tool to review all contractors / suppliers working with the Council to help them in their fight against illegal cartel behaviour & to investigate and report

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					such activity to the CMA.
2.4	<p>The Chief Finance Officer has been designated with the statutory responsibilities as Chief Financial Officer as defined by section 151 of the Local Government Act 1972. These responsibilities outline that every local authority in England and Wales should: ‘make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs’.</p> <p>‘Proper administration’ encompasses all aspects of local authority financial management including:</p> <ul style="list-style-type: none"> • Compliance with the statutory requirements for accounting and internal audit; • Managing the financial affairs of the council; • The proper exercise of a wide range of delegated powers both formal and informal; 	<p>The CFO should ensure they are fully aware of and complying with the responsibilities as defined by the section 151 of the Local Government Act 1972. This should include a review of the delegated powers, both formal and informal, to ensure they are appropriate, adequate and that all relevant employees are aware of their responsibilities.</p>	CFO	Annual Review	Under these statutory responsibilities the section 151 officer contributes to the antifraud and corruption framework of the council.

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2.5	The solicitor to the Council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.	There should be an annual review of the Council's suite of fraud documents. Consideration should also be given to undertaking a baseline and periodical review of ethics within the Council by surveying all staff to provide an ongoing barometer of attitude towards ethical behaviour.	Monitoring officer	Annual Review	
2.6	The Council and Fund has developed, and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, including adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will	Development and implementation of a fraud risk plan tailored to individual fraud risks. Activities to be incorporated into Internal Audit plans, as appropriate. Directors, assistant directors, heads of service and other key managers should review their internal controls to ensure they are appropriate and effective.	Chief Internal Auditor	Annual Review	

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	be independently reviewed by the council's internal audit service.				
2.7	The Council and Fund will work with Partner Organisations to develop where possible a joint approach to anti-fraud activity.	<p>Explore opportunities for joint working and networking and determine informal and formal arrangements as necessary (e.g. other local authorities and housing associations).</p> <p>Contribute to and consider the results from any national fraud surveys from leading bodies and organisations to inform the strategy and fraud risk management (e.g. NFI, CIPFA, DWP etc.).</p> <p>Develop links with external agencies to enhance opportunities for information sharing.</p> <p>Explore opportunities with neighbouring authorities to undertake data matching.</p>	Chief Internal Auditor	Annual Review	

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3. Detection					
3.1	Strategic Directors, Directors and Assistant Directors and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the Chief Internal Auditor.	Strategic Directors, Directors and Assistant Directors and all managers should be reminded of their responsibility to ensure that internal control is implemented and maintained and to report any matters where internal control has failed to the Chief internal Auditor.	Operational managers	Ongoing	Intranet
3.2	<p>Internal audit has a preventative role in ensuring that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures.</p> <p>Within the financial regulations in the constitution (Appendix 7), representatives of internal audit, on behalf of the Chief Financial Officer, are empowered to:</p> <ul style="list-style-type: none"> • Enter any land, building, vehicle or plant owned or used by the Council; 	<p>Internal Audit should ensure there are adequate resources available to undertake proactive and reactive fraud work to prevent, deter and detect fraud and corruption.</p> <p>All council employees should be reminded of their individual responsibilities in relation to support the work of Internal Audit.</p>	Chief Internal Auditor	Ongoing	

Ref	Link to Strategy	Action	Assigned To	Target Date	Commentary
	<ul style="list-style-type: none"> • Have access to all records, documents or correspondences; • Possess or take copies of any record, document or correspondence; • Require any information and explanation from any member or officer of the Council. 				
3.3	The Council and Fund will take part in the National Fraud Initiative and engage with other data matching and analytical exercises as determined appropriate.	<p>Continue active involvement in data matching exercises, such as NFI.</p> <p>Internal Audit will lead the co-ordination, and where appropriate direct services or undertake via audit resources follow up testing.</p> <p>The Chief Internal Auditor will report NFI findings at least twice a year to the Audit & Governance Committee.</p>	Chief Internal Auditor	<p>Annual Exercise</p> <p>Ongoing</p> <p>At least twice a year</p>	
3.4	The Audit and Governance Committee and Pension Committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.	The Audit and Governance Committee and Pension Committee should ensure there is coverage in the internal audit programme for fraud prevention and detection work.	Chairs of Audit and Governance Committee and Pension Committee on advice from s151	Annual review	Annual Exercise and Quarterly reporting

Ref	Link to Strategy	Action	Assigned To	Target Date	Commentary
3.5	The Council's and Fund's code of practice on whistleblowing and fraud allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.	<p>Review the Council's and Fund's whistleblowing arrangements, taking into consideration any amendments to law, including the European Commission's proposed law to increased protections for whistleblowers.</p> <p>Promote the Council's and Fund's Anti-fraud and corruption strategy and Whistleblowing Policy to increase knowledge of and confidence in reporting suspicious and irregular activity.</p> <p>Ensure the whistleblowing hotline, provided by HR and OD Service, is active, operating effectively and monitored on a regular basis.</p> <p>Ensure the fraud hotline, provided by the Internal Audit Service, is active, operating effectively and monitored on a regular basis.</p>	<p>Chief Internal Auditor</p> <p>Head of HROD and Chief Internal Auditor</p> <p>Head of HROD and Chief Internal Auditor</p> <p>Chief Internal Auditor</p>	<p>Annual review</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	

Ref	Link to Strategy	Action	Assigned To	Target Date	Commentary
4. Reporting					
4.1	<p>Employees should normally raise concerns with their immediate manager or that manager's manager. This depends, however on the seriousness of the issues involved and who is suspected of the malpractice. If staff believe that their management is involved, they should approach:</p> <p>i) The S151 and Chief Financial Officer (01905 845560)</p> <p>ii) The Chief Internal Auditor (01905 844405)</p> <p>iii) The Solicitor to the Council (01905 846670)</p> <p>iv) The Head of Human Resources and Organisational Development (01905 846021)</p>	<p>The process for employees to raise concerns should be clearly available for all staff to access. This should include:</p> <ul style="list-style-type: none"> • A dedicated page on the Worcestershire County Council Intranet; • A reminder issued to all employees via email; and, • Regularly include fraud and corruption on team meeting agendas. 	Chief Internal Auditor and Head of HROD	.	
4.2	<p>Elected councillors will report any concerns to the appropriate senior management team member or one of the officers listed in 4.1.</p>	<p>The process for councillors to raise concerns should be clearly available for all councillors to access. This should include:</p> <ul style="list-style-type: none"> • A dedicated page on the Worcestershire County Council Intranet; • A reminder issued to all councillors via email 	Chief Internal Auditor		Intranet

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4.3	The Council and Fund encourages anybody who has reasonably held suspicions to take positive action to report the matter. Understanding that doing nothing, investigating themselves or making accusations could result in any further investigations being compromised.	All employees should be reminded of the need to report any concerns through the appropriate channels as documented in the Anti-Fraud, Theft and Bribery Strategy and policy.	Chief Internal Auditor	Annual review	Intranet
4.4	Senior management is responsible for following up any allegation of fraud or corruption and will do so in line with the council's financial regulations.	All senior management should be given appropriate training to enable them to undertake their responsibilities in relation to following up any allegation of fraud or corruption.	Chief Internal Auditor	Annual review	SLT
4.5	Senior management is expected to deal swiftly and firmly with those who have defrauded the council or who are corrupt.	Senior management should be reminded of their responsibilities and expectations in relation to dealing with those who have defrauded the council or who are corrupt in a swift and firm manner.	Chief Internal Auditor	Annual review	SLT
4.6	There is a need to ensure that any investigation process is not misused and therefore, any abuse such as raising unfounded malicious allegations will, where appropriate, be dealt with as a disciplinary matter.	A reminder should be issued to all employees and councillors that the investigation process should not be misused for unfounded malicious allegations. Review the Council's sanctions and redress to reflect this.	Chief Internal Auditor / Head of HROD	Annual review	Intranet