



## Appendix 1 Fighting Fraud Locally Self-Assessment Checklist – June 2020

	Yes	No	Comments and Actions
1. The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	✓		Relevant risks are on the risk register and regularly reviewed. Updates on fraud and corruption risks are reported to Audit and Governance Committee on at least an annual basis together with an evaluation of the Council's response to these risks and the overall approach to fraud.
2. The local authority has undertaken an assessment against the risks in Protecting the Public Purse: Fighting Fraud Against Local Government (2014) and has also undertaken horizon scanning of future potential fraud and corruption risks.	✓		The Council has assessed the risks highlighted within both the PPP and FFL publications. In terms of horizon scanning, the Council does take account of the "emerging risks" sections in national publications such as PPP etc., and relevant intelligence is gained by both Internal Audit and the Counter Fraud Team through the various networks in which they are directly involved and input to on an ongoing basis.
3. There is an annual report to the audit committee, or equivalent detailed assessment, to compare against Fighting Fraud and Corruption Locally (FFCL) 2016 and this checklist.	✓		There is an annual fraud report that is presented to Audit and Governance Committee in June/July each year which sets out a summary of the approach to and outcomes from both proactive and reactive anti-fraud work, as well as the response to best practice in fraud from checklists such as this.

	Yes	No	Comments and Actions
4. There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	✓		The Anti-Fraud and Corruption Policy (AFACP) is in place and is actively promoted periodically to all staff with a particular emphasis normally being given to whistleblowing arrangements.
5. The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	✓		Various arrangements are in place, including documents such as the Codes of Conduct for both staff and Members, Anti-Fraud and Corruption Policy, Whistleblowing Policy etc., Code of Ethics, anti-fraud awareness training. All of these also form part of the Corporate Induction process.
6. The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	✓		There are various examples of fraud risks being included on the Corporate and Service Risk Registers.
7. Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	✓		Internal Audit continues to work proactively with all areas of the Council to ensure that input and advice on controls is provided and embedded within all new significant developments, which will always include a consideration of fraud risks. Similarly, the Risk Manager liaises directly with all Service areas offering advice on risk management. The work undertaken in all these areas is reported regularly to Audit and Governance Committee.
8. Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	✓		There have been various examples of this both in internal and external communications, including the local press/media. The Council regards it as an important thing to do in order to act as a deterrent to others.

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<p>9.</p> <p>The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.</p>	✓		<p>The Anti-Fraud and Corruption Policy dictates the Council's overall approach and policy to cover all such arrangements and this continues to be actively promoted to all staff within the Council. All staff must also undertake a short e-learning module on the subject of anti-fraud as part of the Corporate Induction process. An informed workforce helps to ensure that fraudulent activity has a better chance of being noticed; also that staff are aware of what to do in terms of reporting any suspicions they may have. Both Internal Audit and the Counter Fraud Team have a well-developed pool of resources and tools to support the detection and subsequent investigation of any alleged fraud.</p>
<p>10.</p> <p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> <li>- codes of conduct including behaviour for counter fraud, anti-bribery and corruption</li> <li>- register of interests</li> <li>- register of gifts and hospitality.</li> </ul>	✓		<p>The Head of Internal Audit liaises closely with the Monitoring Officer who takes a lead in relation to developing and implementing policies supporting ethical governance. Internal Audit takes a lead in terms of the Anti-Fraud and Corruption Policy. With regard to compliance, this is primarily assessed on a rolling basis through work included on the Internal Audit Annual Plan. Mechanisms are also in place for any issues on conduct and behaviour to be reported and followed up as considered appropriate, with any outcomes being reported through to Audit and Governance Committee via the Monitoring Officer. NFI reports are also checked with regard to information on the register of interests.</p>
<p>11.</p> <p>The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.</p>	✓		<p>It has been confirmed with the HR Service that appropriate vetting checks are undertaken at the recruitment stage. Relevant publications in this area of expertise, such as "Slipping through the Net: Staff vetting guide for local authorities", have been considered and factored into working practices where appropriate.</p>

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<p>12.</p> <p>Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.</p>	✓		<p>Both Members and staff should be aware of this requirement via the respective Codes of Conduct which are communicated globally and also form part of the Corporate Induction process.</p> <p>Compliance is monitored and reported as per the response to question 10 above.</p>
<p>13.</p> <p>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p>	✓		<p>Aside from the responsibility placed on all staff and Elected Members to play their part in ensuring this culture is embedded in all Council activities via the Anti-Fraud and Corruption Policy, both Internal Audit and the Counter Fraud Team take a lead in supporting this culture through global communications, training, proactive and reactive work, liaison with other enforcement partners, prosecutions and financial recovery work.</p>
<p>14.</p> <p>There is an independent whistle-blowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.</p>	✓		<p>A Whistleblowing Policy is in place and forms part of the wider Anti-Fraud and Corruption Policy. Internal Audit keeps a record of the number of referrals made under the policy. Users of the policy are clearly signposted to external sources if they feel that is a better or more appropriate way of channelling their referral.</p>
<p>15.</p> <p>Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.</p>	✓		<p>The standard terms and conditions of contract to which all contractors and third parties sign up to includes, in Section 3, an obligation to comply with all mandatory policies of the Authority, one of which is the Anti-Fraud and Corruption Policy which includes the Whistleblowing Policy. The Whistleblowing Policy clearly states that no discrimination against whistle-blowers will be tolerated and their identity will be protected in line with their wishes.</p>

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16. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	✓		Internal Audit work is directed by a risk based audit plan which supports the delivery of an overall opinion on the Council's control environment, which includes an assessment of the management of fraud risks. Furthermore, a founding principle of the Counter Fraud Team is the Council's desire to minimise fraud and maximise income for the Council. The complement of staff within this team continues to be assessed in the light of the risks assessed and outcomes achieved.
17. There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	✓		The work of the Internal Audit function is directed by an Annual Audit Plan which is approved by Audit and Governance Committee in April of each year. The remit of Internal Audit covers all services and activities undertaken by the Council, including the management of any relationships with third party contractors. The proactive anti-fraud remit of the Counter Fraud Team continues to be challenged and reviewed as new issues are identified and outcomes will continue to be reported through to Audit and Governance Committee.
18. Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	✓		Monthly reports are produced by the Counter Fraud Team in order to monitor and manage workload, levels of performance and outcomes. Reference to some of these outcomes is included within the main body of this report and updates are provided to Audit and Governance Committee via Internal Audit quarterly reports. Data is also made available externally in compliance with the Transparency Code.
19. Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	✓		Officers within Internal Audit have always had access to all areas of the Council in accordance with the Internal Audit Charter which is approved by the Audit and Governance Committee. Similarly, the Counter Fraud Team will be granted access to whatever confidential information is considered appropriate to further any investigations that they undertake.

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20. There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.	✓		Publication of such cases, particularly when a positive outcome is achieved by the Authority, is actively encouraged as evidenced by certain cases which were in the local public media following the issue of press releases by the Communications team.
21. All allegations of fraud and corruption are risk assessed.	✓		A system is in place to risk assess referrals received by the Counter Fraud Team. Any referrals to Internal Audit are subject to an initial assessment to determine if further work is appropriate.
22. The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	✓		All these areas are covered within the Anti-Fraud and Corruption Policy, specifically in the Counter Fraud Prosecution and Sanction Policy, and covered within the work of the Counter Fraud Team and Internal Audit.
23. The fraud response plan is linked to the audit plan and is communicated to senior management and members.	✓		Aside from the Internal Audit Annual Plan which is approved by Audit and Governance Committee each March, the approach to and outcomes from the fraud response plan is communicated at least annually to Audit and Governance Committee in June/July of each year, with periodic updates provided where considered relevant and appropriate. Furthermore, the Counter Fraud Team reports directly to the Head of Internal Audit, and is co-located with Internal Audit on floor 2 of No. 1 Riverside, which enhances the links between the two teams.

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24. Asset recovery and civil recovery is considered in all cases.	✓		This is always the case and has been evidenced by way of recovery via the Proceeds of Crime Act where appropriate. This is also demonstrated by the financial recoveries achieved by the Counter Fraud Team, supported by prosecutions where a fraud is proven.
25. There is a zero tolerance approach to fraud and corruption which is always reported to committee.	✓		The zero tolerance approach is a cornerstone of the Council's Anti-Fraud and Corruption Policy. Reports to Committee are normally taken by the Head of Internal Audit on a quarterly basis and annually.
26. There is a programme of proactive counter fraud work which covers risks identified in assessment.	✓		Proactive work is factored into the work of the Counter Fraud Team, Partnership Enforcement Team and anti-fraud work within the wider Internal Audit function. This work programme tackles most, if not all, of the areas identified as more susceptible to loss through fraud in accordance with existing knowledge, recent experience, current fraud risk assessments, intelligence from local networks and outputs from national publications. Specific areas covered by the Counter Fraud Team are set out in the main body of the report above.
27. The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	✓		Collaborative working is a key theme in the work of the Council's Counter Fraud Team. Please refer to the main body of this report for more detail e.g. involvement with the Partnership Enforcement Team (PET).

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28. The local authority shares data across its own departments and between other enforcement agencies.	✓		Examples of data sharing are in place, with this still being a growth area in terms of the desire to work as efficiently and effectively, not only to minimise the risk of fraud, but to deliver an overall better service to the citizens of the Borough via the Public Service Reform agenda. Safeguards are in place, and continue to be further developed, in order to ensure that data sharing is done legally e.g. Privacy Impact Assessments, Data Sharing Agreements and training for staff to understand their responsibilities in this regard. The operations of the Partnership Enforcement Team also involve close liaison with and sharing of relevant data with other enforcement agencies.
29. Prevention measures and projects are undertaken using data analytics where possible.	✓		Data analytics, i.e. the use of ICT facilities to process and analyse quantities of data is used in certain instances. Examples of this in practice include analysing datasets relating to Council Tax Single Person Discount, Blue Badge, Payroll and Creditors.  Output from data analytics exercises is either used to influence the direction of anti-fraud resources in terms of assisting with the more focused targeting of investigatory work, or by providing more timely and complete assurance to management where the output indicates no fraudulent activity.
30. The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.	✓		Internal Audit plays a lead role in facilitating the NFI process to ensure deadlines are achieved and appropriate action is taken on the data matches identified. Progress and outcomes are reported periodically to the Audit and Governance Committee as well as to the Chief Finance Officer and Portfolio Holder for Finance.

	Yes	No	Comments and Actions
<p>31.</p> <p>There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.</p>	✓		The Counter Fraud Team has a mix of skills and experience, with all staff being appropriately trained and accredited commensurate with their job role. Staff in Internal Audit that take responsibility with anti-fraud matters are also appropriately accredited and/or trained to do so.
<p>32.</p> <p>The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.</p>	✓		The Counter Fraud Team comprises staff with a mix of knowledge and experience, some of whom have a strong depth of experience in the areas covered by anti-fraud work. This knowledge is shared within the team primarily through on the job training, supplemented by more formal training where considered necessary and appropriate. External training opportunities to enhance core skills and knowledge are also pursued on an ongoing basis.
<p>33.</p> <p>The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> <li>- surveillance</li> <li>- computer forensics</li> <li>- asset recovery</li> <li>- financial investigations.</li> </ul>	✓		Strong links are maintained with both internal and external enforcement agencies through the Partnership Enforcement Team which offers access to a wide variety of skills, knowledge and resource to support fraud investigatory work. The Police have offered the use of their financial investigators if required for Proceeds of Crime Act/ financial investigations. Alongside this, close links are made with the National Anti-Fraud Network which also provides specialist services where they may be required.

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<p>34. Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.</p>	✓		<p>Reports covering instances of proven fraud always cover two areas:</p> <ul style="list-style-type: none"> <li>• the investigation into substantiating whether the fraud took place or not and who was responsible; and</li> <li>• an analysis of the root cause and what controls can be implemented to minimise future risk.</li> </ul> <p>In the event that control weaknesses are identified, actions are agreed with management to resolve these issues. Furthermore, where such weaknesses may apply to other Council Services, a more corporate audit report or communication may be issued to all Service areas to share the lessons learned and ensure that controls are embedded to mitigate the risk of such issues occurring in all Services.</p>