

AGENDA MANAGEMENT SHEET

Name of Committee

Audit and Standards Committee

Date of Committee

22 September 2008

Report Title

Anti Fraud and Corruption Policy

Summary

This report proposes the refinement of the existing anti fraud and corruption policy.

For further information please contact:

Greta Needham
Head of Law and Governance
Tel: 01926 412319
greatneedham@warwickshire.gov.uk
No.

Garry Rollason
Audit and Risk Manager
Tel: 01926 412679
garryrollason@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework?

No.

Background papers

None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s) County wide
- Other Elected Members
- Cabinet Member Cllr Timms
- Chief Executive
- Legal Greta Needham - approved.....
- Finance Dave Clarke – comments incorporated
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet For approval.....

To an O & S Committee

To an Area Committee

Further Consultation

Audit and Standards Committee – 22 September 2008

Anti Fraud and Corruption Policy

Joint Report of the Strategic Director of Performance and Development and Strategic Director of Resources

Recommendation

The Committee supports the proposed updated anti fraud and corruption policy and supporting strategy and recommends that Cabinet approve the documents.

1 Introduction

- 1.1 In recent years the financial losses suffered by the “Public Purse” due to fraud has received a high profile. Unfortunately, official figures show that fraud is increasing in all aspects of business life in the UK. Whilst fraud is not a significant problem for Warwickshire, we cannot afford to be complacent when it comes to protecting the public purse.
- 1.2 It is recognised good practice for local authorities to draw up and publicise a statement outlining its policies with regard to the prevention, detection and investigation of fraud and corruption. Warwickshire County Council has had such a policy for some time but best practice as well as the Comprehensive Performance Assessment requires regular reviews of the policy to ensure it remains relevant. In addition to bringing the policy up to date a review also allows the Council to demonstrate its continued commitment to high standards of probity.
- 1.3 The current policy was considered by the Standards Committee on 1 February 2005 and subsequently approved by Cabinet on 17 March 2005. It is now felt appropriate to review, revise and re-issue it.

2 Review

- 2.1 The existing document has been split into a high level policy statement (Appendix A) and a supporting strategy (Appendix B). The revised documents are shorter than the previous version. Attempts have been made to make them more ‘user friendly’ and more understandable to

all – they lay down in simple, no uncertain terms what the Council's attitude and policy is to fraud.

- 2.2 The revised policy and strategy have been revised in line with the principles outlined in the CIPFA Better Governance Forum's Red Book 'Managing the Risk of Fraud' and also adopts the ALARM Risk Management Standard. This brings the policy and strategy up to date in line with best practice, Fraud Act 2006 and CPA / CAA requirements.
- 2.3 The documents underpin the Council's commitment to countering fraud and corruption. In approving a revised policy, the Committee is sending a strong public message that the County Council takes the risk of fraud seriously and will take all the necessary steps it can to protect tax payers money from fraudsters.

3. Next Steps

- 3.1 The Committee is asked to recommend the updated policy and strategy shown in the appendices for approval by Cabinet. Following approval of the revised documents a training and awareness programme will be developed to further publicise the policy.

DAVID CARTER
Strategic Director of Performance and
Development

DAVE CLARKE
Strategic Director of Resources

Shire Hall
Warwick

18 August 2008

WARWICKSHIRE COUNTY COUNCIL

ANTI FRAUD AND CORRUPTION POLICY

1 Introduction

- 1.1 Warwickshire County Council has a responsibility for the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements.
- 1.2 The Council is committed to operating an effective anti fraud policy and strategy that comply with the best practice principles outlined in CIPFA's 'Red Book' and the ALARM Standard 'Managing the Risk of Fraud'.
- 1.3 The Council recognises that failure to implement effective anti fraud measures can:
- undermine the standards of public service that the Council is attempting to achieve
 - reduce the level of resources and services available for the residents of Warwickshire
 - result in catastrophic consequences which reduce public confidence in the Council.

2 Definition

- 2.1 The Fraud Act 2006 provides a formal definition of fraud which, for the purposes of this policy, can be summarised as obtaining money, property or services dishonestly by making a false representation, failing to disclose information or abusing a position of trust.
- 2.2 Corruption is the "offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person".

3 Scope

- 3.1 The policy covers any fraud or corrupt activity committed against the county council by employees, members, contractors, suppliers, partners and other external organisations.

4 Policy Statement

- The council has a zero tolerance to all forms of fraud and corruption.
- The Council expects high standards of conduct and probity from Members and employees and requires them at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible.
- The Council also expects that all individuals and organisations associated with the Council, such as contractors, partners, suppliers and users of council services, will act with integrity. The County Council

expects all its partners, in both the private and public sectors, to establish sound governance arrangements and set high standards of probity, openness and integrity.

- The Council will actively seek to deter and prevent fraud and corruption and ensure that the associated risks are identified and managed effectively.
- Where fraud or corruption is suspected or detected it will be investigated and any proven fraud dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be vigorously pursued against anyone perpetrating, or seeking to perpetrate fraud or corruption against the Council.
- The Council is committed to ensuring the wide circulation of this policy in order that all relevant parties understand the very high standards which the Council is determined to observe in all its business

5 Implementation

5.1 To ensure that this policy is implemented effectively the Council will:

- Identify and include fraud and corruption risks within its risk management framework;
- Encourage a culture of prevention and deterrence;
- Ensure that responsibilities are clearly defined and communicated at all levels;
- Encourage everyone to be vigilant and report any genuine suspicions of fraudulent activity;
- Develop and maintain cost effective controls to reduce the risk of fraud and corruption;
- Participate in national anti-fraud initiatives;
- Ensure that sound financial standards are adopted and that financial systems incorporate good controls to reduce the risk of fraud;
- Work with its partners to strengthen and continuously improve its arrangements to counter fraud and corruption;
- Ensure that appropriate disciplinary and legal action is taken in all cases;
- Comply with best practice.

6 Benefits

6.1 The Council's commitment to the introduction of a robust and positive anti fraud framework will result in:

- Consistency, fairness and objectivity in all its anti fraud work and that everyone is treated equally;
- Greater awareness of the risk of fraud by employees and members;
- Improved identification of fraud;
- Improved use of resources;
- Reduced level of fraud.

7 Guidance on the Operation of this Policy

7.1 The Council's Anti Fraud and Corruption Strategy, which provides details on how this policy will be implemented, should be read in conjunction with this policy.

7.2 The Internal Audit and Risk Management Service will provide the necessary advice, guidance and training to the Council in implementing this policy.

WARWICKSHIRE COUNTY COUNCIL
ANTI FRAUD AND CORRUPTION STRATEGY

1. Introduction

The council has a responsibility to have anti fraud and corruption arrangements in place and it is essential that the management of risk of fraud be placed at the very top of the corporate governance arrangements.

The WCC anti fraud framework will define the approach to managing the risk of fraud and corruption across the organisation and ensures that best practice is embedded across services, projects and partnerships.

2. Approach

Warwickshire County Council will fulfil its responsibility to reduce fraud and corruption and protect its resources by focussing on:

2.1 Deterrence

The Council will promote and develop a strong anti fraud culture, raise awareness and provide information on all aspects of its counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.

2.2 Prevention

The Council will strengthen its measures to prevent fraud and will ensure that new and existing systems and policy initiatives are adequately "fraud proofed". The primary responsibility for the prevention and detection of fraud rests with managers throughout the organisation. They have the responsibility to manage the risk of fraud and will be supported and trained so that this responsibility is discharged effectively. The Internal Audit and Risk Management Service will support managers by providing advice on the management of risk and design of controls.

2.3 Detection

Fraud risk assessments will be completed to continuously assess those areas within the Council most vulnerable to the risk of fraud. Internal Audit provides support to managers by undertaking a series of audits providing assurance on control systems including those designed to prevent and detect fraud.

2.4 Investigation

Appropriately trained investigators will investigate any cases of suspected fraud and/or corruption referred from internal or external stakeholders or received via the Public Interest Reporting Code (the Council's whistleblowing policy).

2.5 Sanctions

The Council will apply realistic and effective sanctions against individuals or organisations where an investigation reveals fraudulent activity. This may include criminal and disciplinary action as appropriate.

2.6 Redress

A crucial element of the Council's response to tackling fraud is seeking financial redress – the recovery of defrauded monies is an important part of the Council's strategy and will be rigorously pursued.

3 Managing the Risk of Fraud and Corruption

The council will utilise the same principles that are adopted in managing other key business risks (Appendix 1). Reviews in relation to potential fraud risks should be carried out in a formal manner using the general guidance contained in the WCC Risk Management Strategy. The WCC approach to managing the risk of fraud will be driven by the identification and evaluation of risk against the Council's top priorities and long-term aims.

4 Legislative Requirements

The Council will have full regard to relevant legislative requirements, including:

- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2000
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Money Laundering Regulations 1993 and 2001
- Fraud Act 2006

5. Roles and Responsibilities

The risk of fraud cannot be dealt with in isolation. The management of the risk of fraud is a key aspect of corporate governance and it is essential that all WCC members and officers should have a level of understanding of the Council's anti fraud and corruption policy and strategy.

However, some individuals and groups have specific leadership roles or responsibility and these are identified in Appendix 2.

6. Embedding Anti Fraud and Corruption

The following measures will be taken to ensure that an anti fraud and corruption culture is embedded within WCC:

6.1 Culture

The Council recognises that a sound anti fraud culture is essential if a strong control framework is to be adhered to and that its Members and employees play a key role in achieving its 'zero tolerance' culture towards fraud and corruption.

Employees, contractors, partners and members will be encouraged to raise any concerns they may have and to report any suspicions of possible malpractice. The Public Interest Reporting Code provides protection for employees who wish to raise concerns but may be afraid of reprisals and to feed back on any action taken.

Where appropriate, the Council will also co-operate with other organisations, agencies and local authorities in countering fraud and corruption. This includes participation in data-matching initiatives and the application of sanctions imposed by other organisations.

6.2 Training and Communication

A programme of training and communication will be developed by the Internal Audit and Risk Management Service that is integrated into existing communication channels and training programmes. Training will be provided to elected members and all key staff.

Ongoing support, advice and guidance, e.g. on best practice developments in preventing fraud and corruption, will be provided by the Internal Audit and Risk Management Service.

6.3 Investigation

The Council will take firm and effective action against those found guilty of fraud and corruption through sanctions and redress. A Fraud Response Plan outlining action to be taken when an irregularity is suspected will be produced and publicised widely.

The Internal Audit and Risk Management Service is responsible for carrying out all investigations into suspected fraud and corruption. Members of the team will continue to receive regular training in investigative techniques to improve the efficiency and effectiveness of investigations.

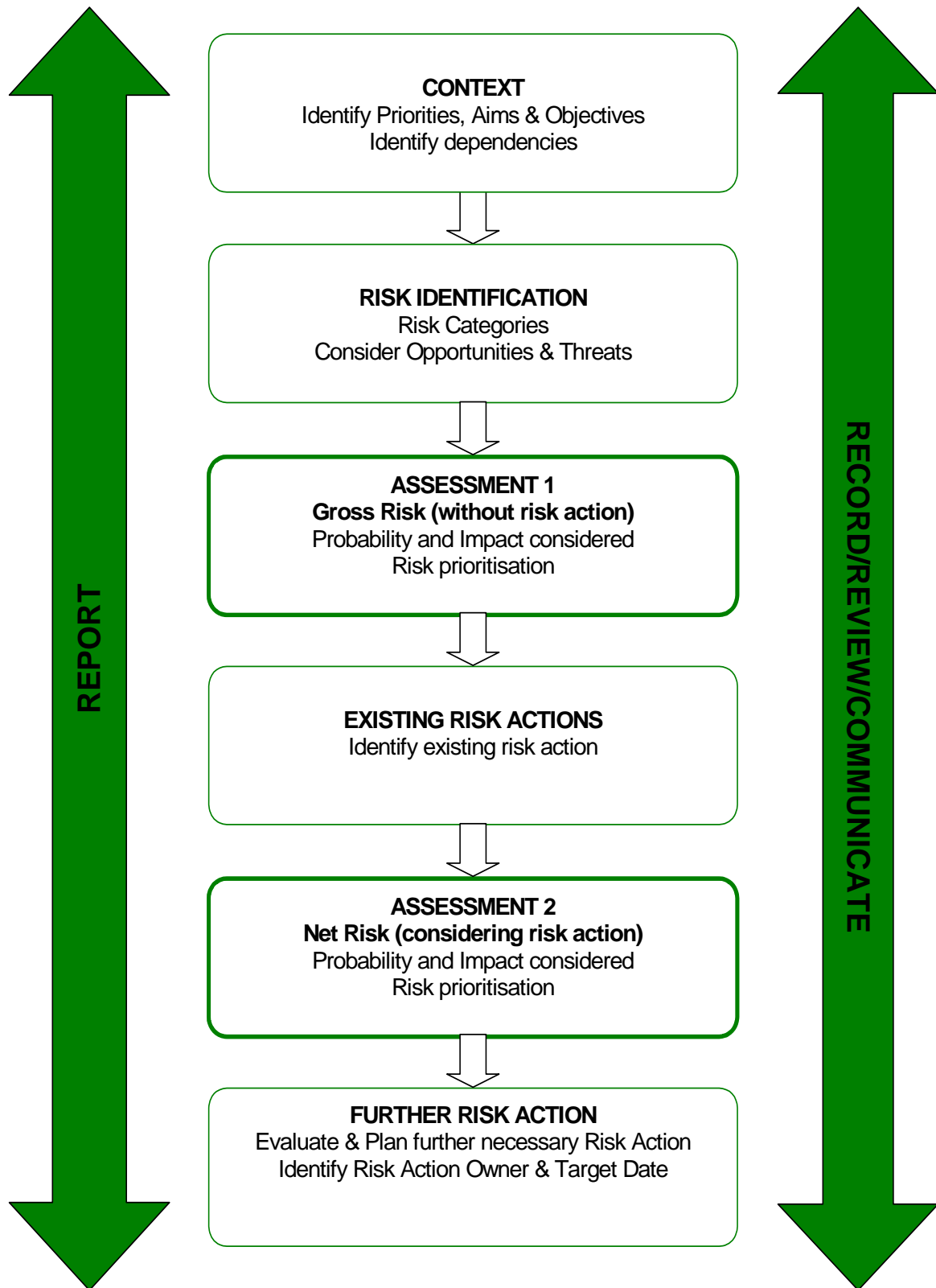
7. Review and Monitoring

The Council will ensure that its approach to managing the risk of fraud is kept up to date with developments in best practice and regulatory requirements. The anti fraud policy and strategy will therefore be periodically reviewed and updated as necessary.

The implementation of the Council's anti fraud policy and strategy will be subject to periodic review by the Audit and Standards Committee.

External auditors and inspectors will also have an interest in reviewing aspects of the Council's anti fraud and corruption approach as an opinion on the Council's counter fraud arrangements forms part of the Use of Resources judgement.

Appendix 1 – Business Risk Assessment Process



Appendix 2 – Roles and Responsibilities

STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Council & Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for preventing, detecting and investigating fraud and corruption.
Strategic Director – Performance and Development	To advise Councillors and Officers on ethical issues, probity and standards to ensure that the Council operates within the law and statutory Codes of Practice.
Internal Audit & Risk Management	Responsible for developing and implementing the anti fraud and corruption policy and investigating any issues reported under this policy. To ensure that all suspected or reported irregularities are dealt with professionally and that action is identified to improve controls and reduce the risk of recurrence. Provide assurance that fraud risks are being managed. Provide advice on managing fraud risk and design of controls.
Strategic Director - Resources	Responsible for advising on financial standards to be adopted by the Council. To ensure that financial systems incorporate strong measures to reduce the risk of fraud / identify possible irregularities.
Audit Committee & Standards Committee	To monitor compliance with the Council's policies and consider the effectiveness of the Council's anti fraud arrangements.
Members	To support and promote the development of a strong anti fraud culture.
External Audit	Reviews the adequacy of the County Council's arrangements for the prevention and detection of fraud, corruption and theft.
Strategic Directors and Heads of Service	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit and Risk Management Service. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls.
All Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to management and to Internal Audit and Risk Management Team taking advantage, if necessary, of the Whistleblowing Code
The Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.