

RYEDALE  
DISTRICT  
COUNCIL



# **COUNTER FRAUD & CORRUPTION STRATEGY**

**2016-19**

## **Forward by the Chief Executive**

The council is funded by public money, through council tax, business rates and other sources. Fraud against the council is essentially theft of this money and the council takes its role as a guardian of these public funds seriously.

We also provide essential services for customers. In the Council Plan we set out our key priorities, to focus our effort on those things which will make a difference to the lives of people living in Ryedale's communities and target resources to those in greatest need. Any fraud against the council takes money away from services and undermines our ability to meet these aims.

For these reasons, the council will not tolerate any fraud or corruption against it.

This strategy sets out the measures the council will take to develop its arrangements to tackle fraud and corruption. We will seek to identify areas where fraud may occur and limit opportunities for fraudsters to exploit the council. Where fraud is suspected we will investigate robustly, and where it is proved will utilise all measures available to us to deal with criminals and recover any losses.

A handwritten signature in black ink, reading "Janet Waggott". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Janet Waggott  
Chief Executive

## Introduction

- 1 All organisations are at increasing risk of fraud and corruption. The illegal and hidden nature of fraud makes it hard to measure accurately. Some commentators suggest that annual fraud losses to local government in the UK could be £7.3 billion<sup>1</sup>. And the risks are growing as fraudsters become more aware of the possibilities for committing fraud against public sector bodies, new technology gives easy access to sophisticated fraud techniques, and council resources are stretched to maintain services with reduced levels of funding.
- 2 The council faces significant financial challenges in the next few years. It must make significant changes to the way it works to continue to provide effective services for its citizens and to achieve its overall aims. It is essential that the council minimises losses caused by fraud, to help it achieve those aims and to maximise the money it has available to provide services.
- 3 This strategy outlines how the council will assess the risks of fraud and corruption that it faces, strengthen its counter fraud arrangements, and tackle fraud where it occurs. It has been prepared to reflect the national collaborative counter fraud strategy for local government in the UK (Fighting Fraud & Corruption Locally - The local government counter fraud and corruption strategy 2016 - 2019). It also takes into account the principles set out in the Chartered Institute of Public Finance and Accountancy's (Cipfa's) Code of Practice on Managing the Risks of Fraud and Corruption (2014).
- 4 The strategy has been approved by the Overview and Scrutiny as part of its responsibility for development of a counter fraud culture at the council. The strategy will be reviewed annually.

## Our aim

- 5 Fighting Fraud & Corruption Locally recommends councils consider the effectiveness of their counter fraud framework by considering performance against the six key themes set out below. The council's aim is that by 2019 it will have adequate and effective arrangements in each of these areas.
  - **Culture**: – creating a culture in which beating fraud and corruption is part of daily business
  - **Capability** – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks
  - **Capacity** – deploying the right level of resources to deal with the level of fraud risk
  - **Competence** – having the right skills and standards

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<sup>1</sup> Annual Fraud Indicator 2016 - Experian/PKF Littlejohn/University of Portsmouth Centre for Counter Fraud Studies. The figure excludes benefit fraud.

- **Communication** – raising awareness, deterring fraudsters, sharing information, celebrating successes
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

### **Current arrangements and action required**

- 6 The council already has many of the components for a strong counter fraud framework in place. For example:
  - control arrangements for key financial systems are robust, being underpinned by statutory requirements, council financial regulations and scrutiny through internal and external audit
  - the policy framework incorporates many elements of counter fraud good practice (eg a counter fraud policy, codes of conduct and registers of interests) which have developed over the years in response to legislation and emerging issues
  - the council invested resources to tackle benefit fraud which were also available to support other investigation work where fraud was suspected
  - participation in collaborative counter fraud work with other agencies, through the National Fraud Initiative.
- 7 However, with a growing awareness of new fraud risks in recent years there is now a need to review overall arrangements, taking into account the latest guidance available to assess whether the overall counter fraud framework is robust. To support this review, the council has allocated some of the resource previously used for benefit fraud investigation<sup>2</sup>.
- 8 The themes listed in paragraph 5 are reflected by the good practice arrangements set out in Cipfa's Code of Practice on Managing the Risks of Fraud. In May 2016, internal audit reported on a review undertaken to compare the council's current counter fraud arrangements against the code of practice. The review identified a number of areas for development, and these are included in the action plan at Appendix 1. The actions also address the recommendations directed at local authorities in the national Fighting Fraud Locally strategy.

### **The counter fraud policy framework**

- 9 This strategy is part of the council's overall framework for countering the risks of fraud and corruption. Further detailed information can be found in other detailed policies and procedures including:

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<sup>2</sup> In March 2016 the responsibility for benefit fraud investigation transferred from the council to the DWP.

- Counter Fraud Policy - this sets out responsibilities for counter fraud and investigation work, the actions the council will take in response to fraud, and its policy on sanctions
- Counter Fraud Risk Assessment - a specific risk assessment undertaken to identify counter fraud risks and develop action to address those risks. This is being undertaken for the first time in July 2016
- Anti Money Laundering Policy - defines council responsibilities in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007
- Whistleblowing Policy - arrangements for council staff to raise concerns; confidentially if required.

10 The strategy also links to, and is supported by, wider council policy and procedures covering areas such as:

- governance
- employee disciplinary arrangements
- codes of conduct
- registers of interest
- financial regulations
- electronic communications
- information security
- cyber security

## Appendix 1: Counter Fraud and Corruption Strategy Action Plan

Ref	Action Required	Target Date	Responsibility	Notes / Further Action Required
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	July 2016	Finance Manager (s151) / Veritau	Progress against the strategy to be reviewed annually and reported to the Overview and Scrutiny Committee  For longer term to consider whether specific targets can be set under each of the FFL themes
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the councils counter fraud arrangements following the transfer of benefit fraud investigation to the DWP.	July 2016	Finance Manager (s151) / Veritau	Review annually
3	Undertake a counter fraud risk assessment.  (Note that separate actions are included within the risk assessment to address specific issues identified.)	July 2016	Finance Manager (s151) / Veritau	To be reviewed at least annually.  For the longer term: <ul style="list-style-type: none"> <li>consider whether counter fraud risk assessment can be integrated into service risk management arrangements, supported by counter fraud expertise (eg through risk workshops)</li> <li>look to refine the risk assessment by developing techniques to evaluate potential fraud losses.</li> </ul>

4	Prepare an anti-money laundering policy	July 2016	Finance Manager (s151) / Veritau	
5	Participate in regional data matching and counter fraud exercises.	September 2016	Veritau	Cross boundary data matching work on council tax and NNDR discounts and exemptions is in progress. Investigative work to follow up matches will commence in September. Results will be reported through ongoing internal audit progress reports (see 7).
6	Undertake a publicity campaign to raise awareness of the counter fraud strategy and policy, internally within the council.	September 2016	Veritau	Ongoing updates on fraud and corruption issues locally and nationally will be provided through distribution of periodic Veritau fraud bulletins and alerts.
7	Introduce regular reporting to Overview and Scrutiny committee on counter fraud activity.	September 2016	Veritau	To include an annual report timed to coincide with the Head of Internal Audit report and review of the counter fraud strategy. In year reporting to be included in internal audit progress reports.
8	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	March 2017	Veritau	To be undertaken on a rolling basis
9	Liaise with HR officers to incorporate general counter fraud awareness training into induction training for all new employees.	March 2017	Veritau / Head of HR	Veritau are developing an e-learning fraud awareness application which will be available from 2017/18

10	<p>Review wider governance and other policies (eg employee related policies, gifts, interests, financial regulations) to ensure they:</p> <ul style="list-style-type: none"> <li>• cover all required areas (eg anti-bribery)</li> <li>• are consistent with the counter fraud strategy and policy.</li> </ul>	March 2017	Finance Manager (s151) / Veritau	The review will identify timescales for updates to individual policies.
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