



# UTTLESFORD DISTRICT COUNCIL

## COUNTER FRAUD AND CORRUPTION STRATEGY 2022-2024

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## Foreword

*We are the custodians of many millions of pounds of taxpayers' monies, and the holders of a wide range of statutory powers affecting the freedoms and lives of individuals and businesses alike, and so the propriety of our financial and operational activities is a top priority. Not only do we need to make sure that our own behaviours are above reproach, but we need to acknowledge that we operate in a complex world, doing business with thousands of individuals and companies, themselves often with complex supply chains. That's why our strategy to address fraud and corruption focuses both on personal behaviours and systems, internally to our elected members and staff, and externally to our fee and tax-paying residents and businesses to our supply chains and to our investments, ensuring appropriate levels of good governance, assurance, intelligence and checks & balances.*

*The UK has a proud record of selfless good governance at all levels of government, with shameful exceptions few and far between. This reputation is hard earned and precious guarded and is one in Uttlesford we must strive continuously to remain worthy of. We fully commit to those efforts.*

**Peter Holt, Chief Executive**

**Cllr Edward Oliver, Chair of Governance, Audit and Performance Committee**

## Aim of the Counter Fraud and Corruption Strategy

The aim of this strategy is to minimise the risk of fraud and corruption and its impact, and ultimately to protect the public purse and Uttlesford Council services for its residents.

It also ensures that the Council's internal control measures are effective in either preventing fraud and corruption or where this isn't possible, that a consistent and effective approach to tackling fraud and corruption is in place. Robust investigations will be undertaken in line with legislation and best practice, and appropriate action taken where necessary.

## Definitions

### Fraud

A person can be found criminally in breach of the [Fraud Act 2006](#) if they

have acted dishonestly with the intention of making a gain for themselves or another, or causing a loss (or risk of a loss) to another

- False representation
- Failing to disclose information to a third party where they [are](#) under legal duty to ~~do~~ disclose such information
- Abuse of position, where they are expected to safeguard the financial interests of another person and abuses that position.

Other main offences under the Act include:

- Making or supplying/possession of articles for use in frauds
- Obtaining services dishonestly

### Theft

The [Theft Act 1968](#) states that a person is guilty of **theft** if they dishonestly appropriate property belonging to another, with the intention of permanently depriving the other of it.

### Bribery and Corruption

[Bribery Act 2010](#) defines **bribery** as financial or other advantage that is offered, requested or accepted with the intention of inducing or rewarding the improper performance of a relevant function. Section 7 of the Act also sets out the corporate offence of failing to prevent bribery.

~~**Corruption** is about improper conduct or the performance of a function or activity contrary to an expectation that the person concerned would act in good faith or impartially, or in accordance with a position of trust.~~

**Corruption**<sup>1</sup> involves the misuse of a person's position to commit offences, which can include theft, extortion and a number of other crimes, including the soliciting of bribes. The defining characteristic of corruption is that it involves collusion between two or more individuals and is often associated with those holding public office.

<sup>1</sup> This definition is taken from the LGA guidance: 'A councillor's workbook on bribery and fraud prevention' (February, 2017).

## Stakeholders

All of the council's stakeholders can assist with being our first line of defense against attempts of fraud and corruption by:

- Being alert to the possibility of fraud and corruption and raise any concerns through the Council's Whistleblowing Policy at the earliest opportunity
- Fulfilling any legal and regulatory responsibilities
- Specialist knowledge to help identify and control fraud risk
- Input into the detection and investigation of fraud
- To assist in the reduction of fraud

**More detailed responsibilities are outlined in the following table:**

Stakeholder	Responsibility
<b>All employees</b>	Comply with the Council's relevant policies and procedures including code of conduct, financial rules, procurement procedures, conflicts of interest, as well as meet standards set by professional bodies to which they belong.
<b>Councillors</b>	Comply with Council's relevant policies and procedures including constitution, code of conduct, financial rules, procurement procedures, conflicts of interest.
<b>Governance, Audit and Performance Committee</b>	Approve and promote the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity, ensuring that resources are focused on the Council's highest risk areas.
<b>Section 151 Officer (Statutory Duty)</b>	Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements.
<b>Monitoring Officer/Assistant Director Governance and Legal (Statutory Duty)</b>	Local Government and Housing Act 1989 requires the Monitoring Officer to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of councillors and officers and, to be responsible for the operation of the council's constitution. Also acts as the Council's nominated Money Laundering Reporting Officer (MLRO)
<b>Chief Executive and CMT (Directors and Assistant Directors)</b>	Approve and promote the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity, ensuring that resources are focused on the Council's highest risk areas.  Ensure that service managers are fulfilling their anti-fraud responsibilities (see SMT).

<b>Stakeholder</b>	<b>Responsibility</b>
<b>SMT (Senior Managers)</b>	<p>Establish and support an anti-fraud culture in their services.</p> <p>Ensure employees are aware of relevant policies and procedures relating to anti-fraud and bribery, code of conduct etc</p> <p>Adopt a robust control environment as well as ensuring any internal audit recommendations are implemented promptly.</p> <p>Managers of specific high-risk areas will form part of CFWG (see below) to ensure effective co-ordination and liaison in counter-fraud activity.</p> <p>Ensure that NFI (National Fraud Initiative) data matches are reviewed and investigated, where applicable and respond to enquiries from other matched bodies.</p> <p>Provide mandatory fraud statistics where applicable to meet Transparency Code requirements.</p>
<b>Counter Fraud Working Group (CFWG)</b>	The Counter Fraud Working Group (CFWG) will provide operational oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas.
<b>Audit Manager</b>	<p>Chair of CFWG and highlight emerging fraud risks to CMT.</p> <p>Provide annual report of Cross-Council Counter Fraud activity to CMT and GAP.</p> <p>Provide investigative services to allegations of corporate fraud.</p> <p>Develop an annual risk-based approach to internal audit coverage with consideration of fraud risks and controls in line with its Internal Audit Charter.</p> <p>Provide anti-fraud controls assurance to CMT and GAP through internal audit reporting.</p>
<b>IT and Information Governance</b>	Deployment of procedures and technical controls to minimise information security risks
<b>Human Resources</b>	Provide associated Council Policy and Training framework to support awareness of, and compliance with the strategy.
<b>External Audit</b>	In line with International Standard on Auditing (UK) 240, External Audit are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.
<b>Contractors and Partners</b>	Should have adequate systems and controls to ensure the prevention and detection of fraud and corruption.

## PRINCIPLES AND OBJECTIVES

This strategy is based on guidance and best practice relating to fraud and corruption in the public sector including:

[CIFAS Fighting Fraud and Corruption Locally 2020](#)

[CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#)

Providing an outline for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top, Fighting Fraud and Corruption Locally (FFCL) sets out **five pillars of activity**:

## PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community. Protecting itself and its residents from fraud.

### GOVERN

Having robust arrangement and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

### ACKNOWLEDGE

Accessing and understanding fraud risks.  
Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with governance.

### PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its activity and successes.

### PURSUE

Prioritise fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

## GOVERN

Those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation.

The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud

UDC will demonstrate this by:

- / Developing a counter fraud and corruption strategy applying to all aspects of the Council's activities which will be communicated throughout the Council and acknowledged by those charged with governance.*
- / Assessing its fraud and corruption risks, have an action plan to deal with them and regularly report to CMT and Members.*
- / Presenting an annual report to CMT and GAP to compare against FFCL 2020.*
- / Briefing CMT and GAP Committee on fraud risks and mitigation.*
- / CMT and GAP Committee supporting counter fraud work to ensure that it is appropriate in terms of fraud risk and resources.*
- / Scrutinising weaknesses revealed by instances of proven fraud and corruption and feed back to departments to fraud proof systems.*

## ACKNOWLEDGE

In order to create a counter fraud response UDC must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities, having a plan to address it, and have access to resources with the right capabilities and skills.

UDC will demonstrate this by:

- / Undertaking an assessment against the risks and horizon scanning of future potential fraud and corruption risks. This assessment will include the understanding of the harm that fraud may do in the community.*
- / Specifically considering the risks of fraud and corruption in the Council's overall risk management process.*



## PREVENT

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

UDC will demonstrate this by:

- i/ Putting in place arrangements to promote and ensure probity and propriety in the conduct of its activities and prevent and detect fraud and corruption as well as a mechanism for ensuring that this is effective and is reported to CMT and GAP Committee.*
- i/ Putting in place arrangements for monitoring compliance with standards of conduct across the Council covering: Codes of conduct including behaviour for counter fraud, anti-bribery and corruption, Register of Interests, Register of gifts and hospitality.*
- i/ Undertaking recruitment vetting of staff prior to appointment by risk assessing posts and undertaking the checks recommended.*
- i/ Ensuring that there is a zero-tolerance approach to fraud and corruption and independent whistle-blowing policy which can also be accessed by contractors and third parties, is monitored for take up and can show that suspicions have been acted upon without discrimination.*
- i/ Consulting counter fraud staff to review new policies, strategies and initiatives across departments and this activity will be reported to CMT and GAP.*
- i/ Ensuring the fraud response plan covers all areas of counter fraud work and is linked to the audit plan and communicated to CMT and GAP Committee.*
- i/ Ensuring that the Council actively takes part in mandatory NFI exercises and promptly takes action arising from it.*
- i/ Publicise successful cases of proven fraud/corruption to raise awareness.*

## PURSUE

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

UDC will demonstrate this by:

- i/ Reporting statistics maintained by the Counter Fraud team which cover all areas of activity and outcomes.*
- i/ Developing a programme of proactive counter fraud work which covers risks identified in the fraud risk assessment.*
- i/ Collaborating with other Council services and external enforcement agencies, encouraging a corporate approach and co-location of enforcement activity*
- i/ Undertaking prevention measures and projects using data analytics where possible*
- i/ Ensuring the Counter Fraud team have unfettered access to premises and documents for the purposes of counter fraud investigation.*
- i/ Ensuring that there are professionally trained and accredited staff for counter fraud work, with adequate knowledge in all areas of the Council and the counter fraud team has access to specialist staff for surveillance, computer forensics, asset recovery and financial investigations where required.*

## PROTECT

UDC will protect public funds, protecting the Council from fraud and cyber-crime and also protecting itself from future frauds as well as protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

UDC will demonstrate this by:

*i/ Assessing fraud resources proportionately to the risk the Council faces and are adequately resourced.*

*ii/ Develop an annual fraud plan which is agreed by CMT and GAP Committee, reflecting resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's activities including those undertaken by contractors and third parties or voluntary sectors.*

## MONITORING AND REVIEW

UDC will consider its performance against each of the following key themes in line with FFCL:

**Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable

**Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

**Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

**Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

**Communication** – raising awareness internally and externally, 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

## ANTI-BRIBERY AND CORRUPTION

The Council will follow the guidance issued by the [Ministry of Justice](#) on compliance with the Bribery Act. In particular, it will take account of the six principles set out in the guidance as part of ensuring a robust and effective anti-bribery approach.

### Proportionate Procedures

The procedures to prevent bribery by persons should be proportionate to the bribery risks faced and to the nature, scale and complexity of the Council's activities. They should also be clear, practical, accessible, effectively implemented and enforced

### Top Level Commitment

The Corporate Management Team is committed to preventing bribery by persons associated with the Council and to fostering a culture in which bribery is never acceptable. A report on the Bribery Act 2010 and the introduction of this policy will be approved by the Governance, Audit and Performance Committee.

### Risk Assessment

The nature and extent of the Council's exposure to external and internal risks of bribery will be assessed as part of the Council's risk management process. Any risk assessment is intended to be an on-going process based on regular communication and review.

### Due Diligence

A proportionate and risk-based approach will be taken in respect of persons and other organisations that perform services for or on behalf of the Council. Due diligence will include an evaluation of the background, experience and reputation of business partners. The transactions will be properly monitored, and written agreements and contracts will provide references to the Bribery Act 2010 and this policy. Reciprocal arrangements may be required for business partners to have their own policies in place. They will be advised of the Council's policy and be expected to operate at all times in accordance with such policy.

### Communication (including training)

The Council will ensure that this policy and other related policies and procedures are embedded in the Council's working arrangements through appropriate communication, including training, which is proportionate to the risks the Council faces. The Council's induction programme will include reference to the Bribery Act 2010 and this policy.

### Monitoring and Review

This policy, control arrangements, risk management processes and other related policies and procedures designed to prevent bribery and corruption will be monitored, reviewed and improved where necessary on a regular basis. All incidents of bribery or suspected bribery will be reported to GAP Committee.