

## Annex B Fighting Fraud and Corruption Locally

What should Senior Stakeholders do?
<b>The Chief Executive</b>
<ul style="list-style-type: none"><li>• Ensure that your authority is measuring itself against the checklist for FFCL.</li></ul>
<ul style="list-style-type: none"><li>• Is there a trained counter fraud resource in your organisation or do you have access to one?</li></ul>
<ul style="list-style-type: none"><li>• Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?</li></ul>
<b>The S.151 Officer.</b>
<ul style="list-style-type: none"><li>• Is there a portfolio holder who has fraud within their remit?</li></ul>
<ul style="list-style-type: none"><li>• Is the head of internal audit or counter fraud assessing resources and capability?</li></ul>
<ul style="list-style-type: none"><li>• Do they have sufficient internal unfettered access?</li></ul>
<ul style="list-style-type: none"><li>• Do they produce a report on activity, success and future plans and are they measured on this?</li></ul>
<b>The Monitoring Officer</b>
<ul style="list-style-type: none"><li>• Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?</li></ul>
<ul style="list-style-type: none"><li>• Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?</li></ul>
<b>The Audit Committee</b>
<ul style="list-style-type: none"><li>• Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work.</li></ul>
<ul style="list-style-type: none"><li>• Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured.</li></ul>
<ul style="list-style-type: none"><li>• Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud.</li></ul>
<ul style="list-style-type: none"><li>• Should support proactive counter fraud activity.</li></ul>
<ul style="list-style-type: none"><li>• Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.</li></ul>
<b>The Portfolio Lead</b>
<ul style="list-style-type: none"><li>• Receives a Regular report that includes information, progress and barriers on the assessment against the FFCL checklist Fraud risk assessment and horizon scanning.</li></ul>

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### Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX  
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA  
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – [fraud.referrals@cotswold.gov.uk](mailto:fraud.referrals@cotswold.gov.uk)

Tel – 01242 264215

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

## Checklist

- 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.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation.
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.
- 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 local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- 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.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
  - codes of conduct including behaviour for counter fraud, anti-bribery and corruption.
  - register of interests.
  - register of gifts and hospitality
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.

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<ul style="list-style-type: none"> <li>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.</li> </ul>
<ul style="list-style-type: none"> <li>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</li> </ul>
<ul style="list-style-type: none"> <li>There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.</li> </ul>
<ul style="list-style-type: none"> <li>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.</li> </ul>
<ul style="list-style-type: none"> <li>Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.</li> </ul>
<ul style="list-style-type: none"> <li>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.</li> </ul>
<ul style="list-style-type: none"> <li>Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</li> </ul>
<ul style="list-style-type: none"> <li>Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</li> </ul>
<ul style="list-style-type: none"> <li>There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.</li> </ul>
<ul style="list-style-type: none"> <li>All allegations of fraud and corruption are risk assessed.</li> </ul>
<ul style="list-style-type: none"> <li>The fraud and corruption response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.</li> </ul>
<ul style="list-style-type: none"> <li>The fraud response plan is linked to the audit plan and is communicated to senior management and members.</li> </ul>
<ul style="list-style-type: none"> <li>Asset recovery and civil recovery are considered in all cases.</li> </ul>
<ul style="list-style-type: none"> <li>There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.</li> </ul>
<ul style="list-style-type: none"> <li>There is a programme of proactive counter fraud work which covers risks identified in assessment.</li> </ul>
<ul style="list-style-type: none"> <li>The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.</li> </ul>
<ul style="list-style-type: none"> <li>The local authority shares data across its own departments and between other enforcement agencies.</li> </ul>

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<ul style="list-style-type: none"> <li>• Prevention measures and projects are undertaken using data analytics where possible.</li> </ul>
<ul style="list-style-type: none"> <li>• The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.</li> </ul>
<ul style="list-style-type: none"> <li>• The counter fraud team has access to the FFCL regional network.</li> </ul>
<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<ul style="list-style-type: none"> <li>• The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.</li> </ul>
<ul style="list-style-type: none"> <li>• The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.</li> </ul>
<ul style="list-style-type: none"> <li>• Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.</li> </ul>

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## **Annex C Government functional Standard GovS 013**

<ul style="list-style-type: none"><li>• Do we have an accountable individual at Member/Senior exec level who is responsible for counter fraud, bribery and corruption?</li></ul>
<ul style="list-style-type: none"><li>• Do we have a counter fraud, bribery and corruption strategy that is submitted to the centre?</li></ul>
<ul style="list-style-type: none"><li>• Do we have a fraud, bribery and corruption risk assessment that is submitted to the centre?</li></ul>
<ul style="list-style-type: none"><li>• Do we have a policy and response plan for dealing with potential instances of fraud, bribery and corruption?</li></ul>
<ul style="list-style-type: none"><li>• Do we have an annual action plan that summarises key actions to improve capability, activity and resilience in that year?</li></ul>
<ul style="list-style-type: none"><li>• Do we have outcome based metrics summarising what outcomes we are seeking to achieve each year? (For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact.</li></ul>
<ul style="list-style-type: none"><li>• Do we have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations?</li></ul>
<ul style="list-style-type: none"><li>• Do we report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions?</li></ul>
<ul style="list-style-type: none"><li>• Do we have access to trained investigators that meet the agreed public sector skill standard?</li></ul>
<ul style="list-style-type: none"><li>• Do we undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable?</li></ul>
<ul style="list-style-type: none"><li>• Do we ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role?</li></ul>
<ul style="list-style-type: none"><li>• Do we have policies and registers for gifts and hospitality and conflicts of interest?</li></ul>

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