

Torridge District Council

Managing the Risk of Fraud and Corruption

Fighting Fraud & Corruption Locally (FFCL) 2020 - self-assessment of compliance

January 2021

1. CIPFA has prepared a Fighting Fraud & Corruption locally strategy, companion and checklist; it is against this checklist that the self-assessment has been completed.
2. The CIPFA strategy and companion are recommended reading, and can be simply downloaded, free of charge, from the CIPFA website. Simply go to the CIPFA website (cipfa.org) and search for “Fighting Fraud and Corruption”, or follow this link <https://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>
3. The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were ‘acknowledge’, ‘prevent’ and ‘pursue’.
4. These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are ‘govern’ and ‘protect’. The pillar of ‘govern’ sits before ‘acknowledge’. It is about ensuring the tone from the top and should be included in local counter fraud strategies.



5. CIPFA reports that local authorities have achieved success by following this approach; however, they now need to respond to an increased threat, and further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and focused on the key changes that will make the most difference.

6. Counter fraud response should be considered against each six key themes:-

- Culture
- Capability
- Capacity
- Competence
- Communication
- Collaboration

7. The following pages set out the expected response from a local authority, and our assessment of Torridge’s arrangements against expectations.

CIPFA expected Local Authority response to the risk of fraud and corruption.	Torridge current position and action
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.	The Authority annually prepares a Fraud and Corruption risk register. This identifies the risks and the controls in place to address these risks. This is considered by the Senior Management Team. The Corporate Risk Register, which incorporates the risk for fraud, is taken to the Audit & Governance Committee.
2. 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	Yes. The fraud risks to the Authority are assessed at least annually, and are updated as and when new risks arise. In terms of horizon scanning, internal audit (DAP) provide updates on emerging fraud risks and the Devon Audit Group also helps to inform officers of locally developing issues. A local network of key contacts also helps to identify trends and developments.
3. There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	Yes. Each year a report is taken to the Audit & Governance Committee, reporting the results of a self-assessment against the CIPFA code of practice on Managing the Risk of Fraud and corruption.
NEW 4. The relevant portfolio holder has been briefed on the fraud risks and mitigation	The Chair of the Audit & Governance Committee will be briefed on fraud risks and the mitigations thereof.
NEW 5. The audit committee supports counter fraud work and challenges the level	Yes. The Audit & Governance Committee supports all

<p>of activity to ensure it is appropriate in terms of fraud risk and resources.</p>	<p>officers in their work to prevent, detect and investigate fraud and corruption.</p> <p>Officers from partner organisations (e.g. Devon Audit Partnership) will be used to provide specialist skills and additional resources as and when required.</p>
<p>6. 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.</p>	<p>Yes.</p> <p>The Authority has in place an Anti-Fraud, Corruption Bribery Policy and Strategy. This was updated in October 2019, with next review scheduled for February 2022/23 or as required.</p> <p>The Strategy is taken to, and approved by, the Audit & Governance Committee.</p>
<p>7. The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>Yes.</p> <p>Section 5 of the Strategy sets out various policy statements that cover staff, members, partner organisations and members of the public, which ensure probity and propriety are in place.</p> <p>However, no system or process can ever be 100% secure, and so employee diligence is always needed, and this referred to in section 6 "deterrence and prevention".</p> <p>The Council includes anti-bribery clauses in contracts with third parties and agents.</p>
<p>8. The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.</p>	<p>Yes.</p> <p>A specific fraud and corruption risk entry is recorded in the risk register.</p>
<p>9. Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.</p>	<p>The Authority does not have a dedicated "counter fraud" team and so this role is undertaken by a range of officers, including the Service Improvement Officer and Internal Audit (DAP).</p> <p>New policies and strategies are always considered in the light of possible fraud and corruption and are designed to limit such exposure.</p>
<p>10. Successful cases of proven fraud/corruption are routinely publicised to raise awareness.</p>	<p>Successful cases of proven fraud / corruption are reported in the local paper.</p> <p>In addition, such cases will be referred to in the internal newsletter and the Members Bulletin.</p>
<p>11. 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>All systems are designed to prevent fraud occurring. The diligence of management and staff is also key in this.</p> <p>A risk assessment is undertaken of the key risks of fraud, and the controls in place to prevent this taking place.</p> <p>The annual Internal Audit plan is prepared taking in to</p>

	<p>account risks, which include fraud risks. Internal audit will provide assessment on the effectiveness of controls, and test controls to ensure that they are being complied with in practice.</p> <p>The Audit and Governance Committee is provided reports on risk, and the results of Internal Audit, and this, combined with management assessment of controls, is summarised in the Annual Governance Statement.</p> <p>The Strategy at 5.9 refers to “any major instances of fraud being reported to the next Audit & Governance Committee....”</p>
<p>12. The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p>	
<p>– codes of conduct including behaviour for counter fraud, anti-bribery and corruption</p>	<p>Yes.</p> <p>The Strategy, section 6.9 to 6.14 refers to the code of conduct for staff and at 6.15 to 6.17 the code of conduct for members.</p> <p>As expected there is a member’s code of conduct that was prepared in August 2018.</p>
<p>– register of interests</p>	<p>A register of member interests is maintained against each member and is publicly available on the Councils internet pages.</p> <p>https://www.torridge.gov.uk/article/11788/Code-of-Conduct-and-Register-of-Members-Interests</p>
<p>– register of gifts and hospitality.</p>	<p>Yes.</p> <p>A register of gifts and hospitality is maintained, and this is published on line.</p> <p>https://www.torridge.gov.uk/article/12766/Gifts-and-Hospitality-Register</p>
<p>13. 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.</p>	<p>TDC have two policies; ‘recruitment’ and ‘employment screening’ which cover the employee vetting. All offers of employment are subject to satisfactory pre employment checks.</p> <p>Mandatory checks include :-</p> <ul style="list-style-type: none"> • References • Verification of employment history • Verification of professional qualifications and

	<p>memberships</p> <ul style="list-style-type: none"> • Verification of ID , nationality and immigration status and right to work in the UK • Medical clearance <p>Some posts require additional checks including</p> <ul style="list-style-type: none"> • DBS • Credit checks • Checks on company directorships held, resigned or disqualified from (not routinely undertaken)
<p>14. 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>Yes.</p> <p>At the start of each meeting a declaration of interests is requested.</p> <p>The Service Improvement Officer will remind all officers and members of the need to declare all offers of gifts and hospitality. Such a reminder is made in the internal newsletter, around Christmas time each year.</p>
<p>15. 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>There is an annual calendar that supports the staff newsletter to ensure that fraud awareness updates are provided at least biannually, whistleblowing reminders are provided biannually, and gift & hospitality reminders are provided yearly.</p>
<p>16. 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>Yes.</p> <p>A separate whistleblowing policy is in place and was updated January 2020.</p> <p>This includes the Policy, employee guide and Managers guide.</p> <p>All such alerts and reports will be monitored for intelligence purposes.</p>
<p>17. 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>At present the whistleblowing policy applies to all Council workers, including elected and co-opted Members, employees, staff of Council contractors, suppliers of goods and services and agency staff.</p>
<p>18. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.</p>	<p>Since the transfer of benefits counter fraud staff to Department for Work and Pensions (DWP), fraud resources have been limited.</p> <p>However, the internal audit provider (DAP) recently expanded its service provision by taking on the Counter Fraud Team, currently working solely at Plymouth. The team has 7 fully trained and qualified counter fraud specialists. The Authority will look to “call off” resources as and when the need arises.</p>

<p>19. 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.</p>	<p>There is no annual fraud plan as such.</p> <p>However, there are a range of "work programmes" that are prepared each year, including actions arising for the Annual Governance Review process, Risk Management and Internal Audit.</p> <p>The elements of each of these various plans enables senior management to be assured that suitable resources are being allocated to prevent, detect and investigate fraud.</p> <p>However, it should be noted that the current level of referrals of fraud and corruption are limited.</p>
<p>20. Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p>	<p>The Strategic Improvement Officer, in conjunction with the S151 officer, will maintain a record of referrals.</p> <p>However, and as referred to above, there is no separate fraud team.</p>
<p>21. Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.</p>	<p>As stated above there are no dedicated "fraud officers".</p> <p>However, in such instances then such access would be granted. For example, if DAP were asked to conduct an investigation using their Counter Fraud Team, then "full access" would be granted as per the service level agreement already in place.</p>
<p>22. There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.</p>	<p>Not a programme as such, but cases will be publicised in the local newspaper and via the internal newsletter and the Members bulletin.</p>
<p>23. All allegations of fraud and corruption are risk assessed.</p>	<p>Yes. Each referral or suspicion will be "risk assessed" before embarking upon a course of action proportionate to the issue and in line with Torridge's "zero tolerance" policy.</p>
<p>24. The fraud and corruption response plan covers all areas of counter fraud work:</p> <ul style="list-style-type: none"> • Prevention • Detection • Investigation • Sanctions • Redress 	<p>As mentioned above, there is no response plan as such, however the Strategy ensures that each of these elements is considered.</p>
<p>25. The fraud response plan is linked to the audit plan and is communicated to senior management and members.</p>	<p>See above</p>
<p>26. Asset recovery and civil recovery is considered in all cases.</p>	<p>Yes. Section 7.9 to 7.12 of the Strategy deal with Sanctions and Redress.</p>

<p>27. There is a zero tolerance approach to fraud and corruption which is always reported to committee.</p>	<p>Yes - there is a “zero tolerance approach to fraud, endorsed by the Audit & Governance Committee.</p> <p>Instances of fraud and corruption are reported to the Audit & Governance Committee. Due to the sensitive nature of some instances, this may be in summary form.</p>
<p>28. There is a programme of proactive counter fraud work which covers risks identified in assessment.</p>	<p>Proactive counter fraud work is delivered in a variety of ways each year. Some examples of how this is achieved include:-</p> <ul style="list-style-type: none"> • Participation in the bi-annual National Fraud Initiative (NFI) • Elements of internal audit work focused on controls that may be more susceptible to fraud risk • Work by Service Managers – such as Council Tax Single Persons Discount review
<p>29. The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.</p>	<p>There is no “fraud team” as such, however early referral to the Police or other agencies will be considered as part of the risk assessment for each referral.</p>
<p>30. The local authority shares data across its own departments and between other enforcement agencies.</p>	<p>Yes and as expected.</p> <p>The main external data sharing is via the National Fraud Initiative (NFI).</p>
<p>31. Prevention measures and projects are undertaken using data analytics where possible.</p>	<p>Yes.</p> <p>Such examples include making good use of</p> <ul style="list-style-type: none"> • the NFI • Council Tax - Single persons discount review
<p>32. The local authority actively takes part in the National Fraud Initiative (NFI) and promptly takes action arising from it.</p>	<p>Yes.</p> <p>Data is submitted every two years, with “matches” then investigated in accordance with the scoring of the match (e.g. higher scored matches reviewed first, lowest reviewed last and in accordance with resources available).</p>
<p>33. 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>	<p>As mentioned earlier, the Authority does not have a counter fraud team. However, the Authority has access to, and will make use of, Counter Fraud Specialists as and when the need arises.</p> <p>For example, the Counter Fraud Team of DAP are available to assist as and when required.</p>
<p>34. The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.</p>	<p>As above.</p>

<p>35. 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">• Surveillance• Computer forensics• Asset recovery• Financial investigations.	<p>As above.</p>
<p>36. Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.</p>	<p>Yes. The Authority is committed to ongoing and continual improvement. Any weaknesses identified will be addressed wherever possible, although it should be noted that no system can ever be considered 100% free from the risk of fraud.</p>