



Appendix A.

South Cambridgeshire District Council:

Counter Fraud and Error Strategy Statement

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Ownership	Peter Maddock (Head of Finance)
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Introduction

South Cambridgeshire District Council ('the council') is committed to combatting fraud and corruption.

In order to achieve this vision, we are committed to:

- Identifying risk of fraud, corruption and misappropriation within the business
- Promote professional standards and probity
- Investigate reported fraud and administer sanctions and redress
- Protect public funds through prevention initiatives and identifying offenders
- Delivering value for money.

The council will maintain systems and procedures to assist in the prevention, detection and investigation of fraud. This strategy will be reviewed every two years.

An annual report to the Audit and Governance Committee on performance against the counter fraud strategy will be submitted for scrutiny. The report will include an assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.

This document sets out the Council's strategy to tackle fraud and corruption. The statement should be read in-line with South Cambridgeshire District Council's Anti-Theft, Fraud and Corruption Policy.

Purpose

The Council recognises its fiduciary role to protect public funds and to mitigate the risk of fraud by operating suitable control measures, monitoring risk, and pursuing redress for those who attempt to deliberately defraud the public purse.

To maximise financial resources and deliver value for money the Council will endeavour to implement secure systems and adopt robust processes when allocating and administering services and resources.



It is recognised that maintaining resilience to fraud and corruption is a priority within the business plan to protect limited resources. The S.151 officer maintains responsibility for overseeing the delivery of the counter fraud strategy to protect public funds.

Action will be taken against perpetrators found guilty of fraud, including members, officers, contractors, external individuals and businesses. (South Cambridgeshire District Council , 2009).

The strategy is underpinned by key principles identified within the Corporate Framework, The Fighting Fraud and Corruption Locally Plan Annexe A (CIPFA Fighting Fraud Corruption Locally Strategy, 2020), Council Constitution, Corporate Values, and the Nolan Principles of Public Life.

Our Values:

- Connecting people, places and partnerships and working together
- Integrity and honesty to ensure that we are open and accountable
- A dynamic approach to the delivery of services with drive and energy
- Supporting innovation, doing things differently and better

Definitions

‘Fraud’ is defined as set out in the Fraud Act 2006. (2006 c.35). For reporting instances of fraud SCDC uses the standard from civil law, the balance of probabilities test.

‘Corruption’ is defined as offering or acceptance of inducements designed to influence official action.

‘Risk’ is defined as the possibility of an adverse event occurring or a beneficial opportunity being missed. If realised it may affect the achievement of objectives and can be measured in terms of likelihood and impact.

‘Risk Appetite’ is defined as the amount of risk the organisation is willing to accept at the enterprise level.

‘Irregularity’ may be any significant matter or issue, other than fraud or corruption, which may warrant consideration or investigation. An example of an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities, but where this



error or mistake is subsequently hidden, perhaps to the on-going detriment of the Council. Additionally, an irregularity may also involve consideration of the possible inappropriate use of Council funds or assets, which may or may not constitute fraud, theft or corruption.

Our Approach

South Cambridgeshire District Council's approach to achieving our vision aligns with national strategies to adopt a coordinated response to fraud and corruption perpetrated against the council by focussing on key pillars of activity;

Govern, Culture and Standards

South Cambridgeshire District Council's Leadership Team acknowledge the threat of fraud and corruption and the harm it can cause to the organisation, its aims and objectives, and to its service users. (CIPFA, 2015).

The Leadership Team also acknowledge their responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all departments of the organisation. (CIPFA, 2015, p. 4).

Good Governance to embed a robust counter-fraud culture is key to combat fraud and corruption. The Nolan principles are enshrined in corporate policy and procedures to promote a counter-fraud culture through process design and conscientious asset and resource management. Annexe B.

The Council will work jointly with stakeholders including other public bodies such as Trading Standards, Department for Work and Pensions and Cambridgeshire Police to prevent and detect benefit fraud. Information will be shared with partners and external agencies where the law permits to prevent and detect crime.

Managers and staff at all levels have a duty to protect their service area from losses as a direct consequence of fraud, error, and irregularity. Managers are responsible for implementing and reviewing internal controls and all staff have a duty to adhere to processes in place to reduce the risk of fraud. Corporate risk assessment processes identify 'risk owners' for the purpose of reviewing all controls as procedures are adapted.



Risk identification is essential to understand specific emerging trends faced by the Council and is routinely considered as part of the Corporate Risk Management and Internal Audit Framework.

Breach of process by officers, members or contractors, resulting in material loss to the Council, may result in disciplinary and/or other remedial action.

Any staff member, Member of the Council or contractor who has suspicions that fraud is occurring must report this with full details in line with Council Policy. Allegations relating to a Member of the Council or colleagues should be reported to the Head of Finance i.e. Chief Finance Officer.

In the absence of the Head of Finance, concerns may be raised with either the Monitoring Officer, Chief Operating Officer, the Chief Executive or, in accordance with the Council's Whistleblowing Policy.

Awareness and vigilance are promoted through provision of easily accessed resources to support the identification of fraud and to confidentially report suspicions of fraud on internal and external platforms.

Intolerance towards fraud will be encouraged within South Cambridgeshire communities through publicity and education to highlight the cost of fraud to the community. Providing accessible fraud awareness resources will empower the community to assist in identification and prevention.

Resources and Performance

The strategy includes both proactive and responsive approaches that are best suited to South Cambridgeshire District Councils specific risks. Dedicated and coordinated resources are critical to prevent and detect fraud.

Internal Audit and the Fraud Investigation team will maintain an awareness of developments in the field of counter-fraud and review any resource requirements identified in developing the scope of the service.

The service has two qualified Accredited Counter Fraud Specialists and protocol is in place to employ the services of an Accredited Financial Investigator on an adhoc basis.

Performance will be measured and monitored and reported to the Section 151 Officer on a quarterly basis in addition to an annual report submitted to the Audit Committee each financial year.



Performance will be measured against;

- Service Plan Targets
- Individual performance and development targets
- Participation in Data matching exercises (inc. National Fraud Initiative)
- SCDC values and objectives
- Development of value for money prevention and recovery initiatives
- Delivery of awareness and organisational training needs
- Measurement of sanctions imposed against referred cases
- A quality assurance process
- Service Benchmarking

Acknowledge

Fraud cannot be eliminated from systems and procedures. Identifying risk is the first step for managers or 'risk owners' to review administrative systems and procedures, in place, to ensure their continued suitability as internal arrangements change and external factors have an impact i.e. advances in technology and legislation changes.

Managers are responsible for ensuring counter fraud staff are given unhindered access to its employees, information and other resources as required for investigation purposes.

Human Resources maintain responsibility for ensuring the suitability of all employees to undertake work on behalf of the Council. Recruitment will take place in line with policy to ensure that the appropriate references are sought, and some post holders will be required to undergo further security checks prior to appointment.

Information Technology Services maintain responsibility for cyber security throughout the business. Staff are forbidden from accessing or amending personal records relating to themselves, their relatives, or friends without prior authorisation in writing from the Head of Service area. This extends to benefit and council tax support claims and any other discounts or applications for services. Any person/s found in breach of this protocol will be subject to disciplinary action for gross misconduct.



Staff, Members, Contractors and external agencies play a role in reporting fraud. The service has online and internal platforms to report fraud and existing policy is in place to ensure confidential concerns, 'whistleblowing', can be raised without fear of repercussions.

An internal resources page provides information on types of fraud to aide staff in identification and reporting and will host the risk assessment. A shared mailbox is monitored to receive information and reports of fraud from external sources during working hours.

Prevent and Detect

A new approach is being taken to identify current and emerging fraud risk and deploy resources. A risk assessment is in place to identify existing and emerging fraud risks and to capture the control measures in place to actively prevent fraud and error in systems.

Details within the assessment are intended to be made 'live' and internal access will be given to risk owners for the purpose of review as industry, technological and legal developments impact upon current processes. The goal is to encourage staff at all levels to consider fraud prevention as an integral part of providing and administering services.

Changes to the fraud risk assessment will be reported back to the Leadership Team, Internal Audit and Investigation Staff on a six -monthly basis. The assessment will assist to focus resources towards those areas most at risk of abuse and identify when resources need to be redirected quickly in response to emergency and unforeseen changes in circumstances. The adequacy, appropriateness and effectiveness of internal controls will be independently monitored by the Internal Audit as part of their programme of work. (South Cambridgeshire District Council , 2009)

Service managers maintain responsibility for implementing robust internal controls and security measures and for ensuring that staff adhere to agreed processes when administering public funds and assets on behalf of the Council.

Social Media campaigns and signposting to resources are used as part of the Council's prevention campaign along with sanctions and redress. The outcomes of successful prosecutions will be publicised to raise awareness, provide assurance to communities that the Council takes fraud seriously and to act as a deterrent to others from committing fraudulent activity.



The Council will participate in data and intelligence analysis exercises hosted by the National Fraud Initiative, Locta, and Housing Benefit Matching Service and seek opportunities to participate or facilitate local data matching exercises to detect fraud and error across directorates and cross-border localities.

Fraud referrals will be accepted for investigation based on risk and local intelligence, balanced against the likelihood of conducting a successful investigation. Where loss has been identified below a financial threshold from the outset, without the possibility for detection to identify further loss, consideration will be given as to whether conducting further investigation is economical or if low cost initiatives should be initiated to reduce repeat loss and recovery.

Residents play an important role in reporting fraud to the service; which is dedicated to taking the anti-fraud message into local communities. High impact, low cost solutions are continually explored to communicate the message to our communities that The Council will not tolerate abuse of public funds and services. This may include advertising on properties where possession is the consequence of investigation work and sanctions.

Cross agency working is essential to prevention efforts and detection. Officers work with external agencies and stakeholders in our daily business to combat fraud. The Council will work with partners, co-operating to assist and identify opportunities to mitigate fraud risk, error and detect crime.

Where the law allows the business will share information to facilitate the swift detection of fraud. The Council participates in data matching exercises at a national level and is willing to participate and lead in local initiatives to produce improved quality data sets and intelligence.

Protect

The Council has a duty to protect public funds from deliberate exploitation. All employees have responsibility for considering the risk of fraud and abuse within their respective service area and to review control measures and act where risk is deemed to exceed an acceptable level ('risk appetite').

The Audit & Corporate Governance Committee is responsible for ensuring that the Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures



which define the roles of management and Internal Audit; and, that the Council monitors the implementation of the relevant policy.

This strategy is intended to be considered alongside other council policies and should be read in conjunction with any relevant policies relating to fraud and fraud management. Including:

- The Council Constitution: The Council's Constitution; Including Financial Regulations and Contract Regulations which detail protocols around procurement
- Internal Audit of controls and processes
- Protocol on Member- Officer Relations
- Officer Code of Conduct
- Member Code of Conduct
- Member ToolKit
- An Anti-Fraud and Corruption Policy
- A Whistleblowing Policy
- Recruitment Policy and vetting protocol
- Disciplinary Policy
- Enforcement and Inspection Policy
- A Register of Interests and Hospitality
- Data Protection Policy
- ICT user Security Policy
- Customer Feedback Procedure
- Public Registers
- Procedural Guidance for Planning and Licensing
- Professional Memberships and access to industry guidance
- Nominating a 'Counter Fraud Champion'
- Internal controls when administering claims and services
- Services to assist staff with debt and financial or other welfare issues
- Awareness of Fraud and Corruption and access to staff training.

The Council will maintain a dedicated Counter Fraud Investigation Team separately to the main body of staff involved in administering funds and services on behalf of the authority. Members of the investigation Team will undergo formal training commensurate to grade and role. Team members



will attend refresher training to ensure knowledge and skills are updated and demonstrate commitment to continued professional development to provide quality assurance. Members of the Team will seek to obtain membership of the Government Counter Fraud Profession when it becomes accessible to Local Authority Officers.

Corporate Membership to the National Anti-Fraud Network (NAFN) for the purposes of securing evidence of fraud and to The Chartered Institute of Public Finance and Accountancy (CIPFA) for industry guidance, will be maintained. Participation in other professional groups will be supported i.e. The National Investigation Officers' Group (NIOG). Registration to professional forums for industry up-dates will also be encouraged i.e. Fraud Advisory Panel.

Pursue

Officers will investigate referrals of fraud in accordance with legislation governing criminal investigation procedures and practice with the upmost of professionalism. Investigating officers will make an impartial recommendation to a Sanctions Panel, (comprised of a service manager, a legal representative and the Corporate Fraud Manager), when submitting the summary of investigation report (MG5) based on evidence gathered.

Where the evidential threshold is met for either civil or criminal sanctions to be imposed, recommendations may include civil penalty fine, refusal of a service or funds, possession of property and issue of warnings, or criminal sanctions including administrative penalties, simple caution and prosecution.

Decisions to pursue remedial action will be made by the panel to ensure equity, consistency, and transparency across services. A quorum of three individuals will sit on the Panel, to consider officer recommendations, and include the relevant service manager according to the nature of the fraud. This arrangement provides a division of duties between investigating officers and decision makers.

Monitoring of sanctions decisions against protected characteristics will be adopted to comply with the Equality Act 2010. Sanctions and redress will be considered in accordance with the individual merits of the case and if the 'Public Interest Test' for prosecution is met [where this is considered the appropriate sanction].



Officers will work with stakeholders to instigate redress, including the recovery of assets using civil and criminal sanctions. The team will maintain detailed records of all investigations and prevention work securely for use in criminal proceedings. Only individuals, named by the Section 151 Officer, will have access rights to information contained within Corporate Counter Fraud case management systems for specific purposes.

All employees of the Council shall maintain accurate and thorough documentation in relation to administration of claims and other services within their respective area of business. Where records are found to be inadequate during any investigation this will be highlighted to the Leadership Team and Heads of Service for review. All employees have a responsibility to maintain records in relation to day-to-day business processes, subject to meeting the requirements of the Data Protection Act and subsequent regulations relating to record retention.

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Annexe A.

The Local Government Fraud Strategy: Fighting Fraud and Corruption Locally which means the Council will:

- Govern the anti-fraud, bribery and corruption measures to ensure they are robust and holistic;
- Acknowledge the threat of fraud and the opportunities for savings that exists;
- Prevent and detect all forms of fraud;
- Pursue appropriate sanctions and recover any losses;
- Protect itself and the community against serious and organised crime, protecting the organisation from becoming a victim of fraud.

Annexe B.

Nolan Principles of Public Life (Life, 1995)

- Selflessness - Act solely in terms of the public interest.
- Integrity - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- Objectivity - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability – Be accountable for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- Honesty - Be truthful.



- Leadership - Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behavior wherever it occurs.