worcestershire county council

Anti-Fraud, Bribery & Corruption Policy and Strategy

Fraud Response Plan

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Contents

Forward

Worcestershire County Council (the Council) and Worcestershire Pension Fund are committed to protecting public monies and we will, through oversight by the Audit & Governance Committee and Pensions Committee, prevent, detect, and prosecute instances of fraud, bribery and corruption.

The complexities, types and scale of public spending means the risk of fraud, bribery and corruption remains a key issue for the Council and local government to manage.

It is essential that we have a strategic response to fraud, bribery and corruption that focuses on minimising the risks and proactively takes measures to prevent it occurring, keeping every pound safe and providing value for money for all we do for Worcestershire residents. This Strategy and Policy will ensure that best practice is used and embedded across all services, projects, and partnerships.

The Strategy underpins Worcestershire County Council and Worcestershire Pension Fund goals and ambitions in seeking to ensure sound governance. It supports the enabling of greater engagement with employees, elected Councillors, contractors, the community, and partners, whilst protecting the public purse. Our expectation is that Councillors and our entire workforce will lead by example to ensure the highest standards of probity and accountability are established and strictly adhered to, and that personal conduct is above reproach. Every employee and Councillor have a responsibility to be vigilant and report any suspicions that fraud, bribery or corruption have been, are being or may be committed.

Paul Robinson
Chief Executive

Phil Rook
Chief Financial Officer

Policy Statement

1. The Council has a duty to prevent fraud, bribery and corruption and is committed to fostering an environment where there are high ethical standards which encourage the prevention, detection and investigation of fraudulent activities.

2. The Council has zero tolerance towards fraud, bribery and corruption and will not tolerate the abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties connected to the Council.

3. Fraudulent activity is unacceptable and could result in disciplinary, legal and/or criminal action against the individual(s) concerned.

4. The Council will pursue the repayment of any financial or other gain from individuals involved in malpractice and wrongdoing.

5. The Council will ensure consistency, fairness and objectivity in all fraud investigation work, and that everyone is treated equally.

6. Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, Worcestershire County Council Councillors, Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity. The Council also encourages its contractors, partners and members of the public to raise concerns at the earliest opportunity.

Counter-Fraud, Bribery and Corruption Strategy

1. Introduction

1.1 Worcestershire County Council (the Council) and Worcestershire Pension Fund take their responsibilities to protect the public purse very seriously. It is fully committed to the highest ethical standards to ensure the proper use and protection of public funds and assets. Where Worcestershire County Council is referenced in this document it encompasses the Worcestershire Pension Fund as well.

1.2 The Strategy outlines the comprehensive approach the Council has to prevent, detect and respond to fraud, bribery and corruption within the organisation. It aims to foster a culture of integrity, transparency and accountability and to protect the community.

2. Aims & Objectives

2.1 Using the Internal Audit Team and the vigilance of the employees, the Council will protect its resources ensuring they are not lost to fraud but are used to the benefit of the residents and visitors of Worcestershire.

2.2 The Council will work together to:
- Ensure that the Council is protected against fraud and loss,
- Create a "counter-fraud" culture which highlights the Council's zero-tolerance of fraud, corruption or theft, which defines roles and responsibilities and activity,
- engages all stakeholders (the public, Councillors, employees at all levels and policy
  makers),
- Proactively deter, prevent and detect fraud, corruption and theft,
- Investigate suspected or detected fraud, corruption and theft,
- Enable the council to apply appropriate sanctions and recover all losses,
- Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

3. Scope

3.1 This strategy applies to:
- All Worcestershire County Council employees (including volunteers and agency staff) and Councillors
- Employees and Committee Members of Council funded voluntary organisations
- Partner organisations
- Council contractors, suppliers and consultants
- Council maintained schools
- NHS Partners
- Service users
- Worcestershire residents

and covers any fraud, bribery, corruption or theft committed against the Council.

4. Definitions of Fraud, Bribery, Corruption and Theft

Fraud

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as 'The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain'.

4.2 Fraud is defined by the Fraud Act 2006. The Act gives a statutory definition of the criminal offence of fraud, defining it in three classes:

- False representation
- Failure to disclose information
- Abuse of position.

4.3 The term fraud commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy, and money laundering. These include, but are not confined to, the specific offences in the Fraud Act 2006. A person can commit fraud by acting dishonestly by attempted or actual acts for personal gain or orchestrating financial loss against the Council.

Bribery

4.4 Bribery is defined by The Bribery Act 2010.

4.5 It is defined as "giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage".

4.6 There are four main offences connected to the improper performance of a function, simplified as the following:
- giving or offering an inducement to commit a corrupt act,
- receiving or soliciting an inducement to commit a corrupt act,
- bribery of foreign public officials,
- failure to prevent bribery (corporate offence).

Corruption

4.7 Corruption is not defined in any specific act of legislation but is closely linked to the Bribery Act 2010.

4.8 It can be described as the deliberate misuse of entrusted power or position for direct or indirect personal gain. Entrusted power covers elected position, paid or unpaid employment. Corruption includes offering, giving, requesting or accepting a bribe or reward, which influences a person's actions or the actions of someone else.

Theft

4.9 Theft is defined by the Theft Act 1968.

4.10 Theft is the dishonest appropriation of cash or other tangible assets. A person is guilty of "theft" by dishonestly taking property belonging to someone else with the intention of permanently depriving the owner of it.

4.11 The Act also includes the dishonesty offence of "false accounting". This relates to the destruction, defacement, concealment or falsification of any document used for accounting purposes.

5. Strategy

5.1 The Strategy provides a strategic approach to minimise fraud and corruption consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud and Corruption Locally'. FFCL - Strategy for the 2020's.pdf (cifas.org.uk) . The five key themes of this approach are Govern, Acknowledge, Prevent, Pursue and Protect. These are summarised below:

GOVERN

Having robust arrangements 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

Prioritising 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.

PROTECTING ITSELF AND ITS RESIDENTS
Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.

6. Approach to Countering Fraud

6.1 The Council will fulfil its responsibility to reduce fraud and protect its resources by completing work in each of the following key areas as per the five key theme areas of the Fighting Fraud and Corruption Locally Strategy:

Govern

6.2 Our control framework will be informed through a clear understanding of:
- the threat
- emerging risks

- trends
- savings that can be achieved by investing in countering fraud and corruption.

6.3 Use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas is key. We will also be focusing on raising employee awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

6.4 Management information and analytics provide a valuable source to inform directed testing. Analysing financial and performance data to target investigations and producing exception reports for management to question and challenge will be coordinated through Internal Audit and form a key part of information provided regularly to the Council's leadership.

6.5 The diversity of the Services the Council provides, and the multiplicity of systems used to manage them, generates huge volumes of records and data. The main fraud detection process will place a reliance on the National Fraud Initiative to provide key matches and compare data from a variety of systems nationwide to identify anomalies, improve information sharing across Services and inform the risk management process.

6.6 Whistleblowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its Whistleblowing Policy and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon.

6.7 The Internal Audit Service manages the online fraud reporting process and fraud hotline (01905 843222) where employees, partners and residents can register any concerns.

6.8 The Council has robust anti-fraud, bribery and corruption arrangements in place and promotes a strong anti-fraud culture, raises awareness and provides information on all aspects of its counter fraud work. Measures are embedded throughout the Council to promote an anti-fraud culture including reporting mechanisms, training for all employees, monitoring and evaluation, leadership commitment, publicising the results of proactive work and seeking the recovery of losses due to fraud.

Acknowledge

6.9 The Council will ensure strong measures are in place to prevent fraud. It has a Whistleblowing procedure, a fraud hotline and supports those who come forward to report suspected frauds. All reports are acted upon with an appropriate level of response. Malicious or vexatious allegations are not tolerated.

6.10 Internal Audit will work with managers and policy makers to ensure that any new and existing systems, procedures and policy initiatives consider fraud risks. Appropriate control frameworks need to be deployed and operated effectively to reduce the risk of fraud. Internal audit will work with management to reduce risk and ensure that new and existing systems and policy initiatives are fraud proofed. Internal Audit prioritises high risk areas to assist managers to identify and detect new types of fraudulent activity.

Prevent

6.11   The Council will look for opportunities to share data and fraud intelligence to increase the capability to uncover potential and actual fraud. Where systems and legislation allow, the Council will make greater use of data and analytical software to prevent and detect fraudulent activity.

6.12   The Council are resolute that there is a culture and tone of honesty with zero tolerance towards fraud and corruption, as demonstrated through its behavioral framework and codes of conduct for employees and Councillors. The right organisational culture will be continually reinforced by:

- Raising awareness of this Strategy and relevant Policies to new and existing employees.
- Publicising the results of all proactive work, sanctions, investigations and recovery of losses due to fraud and corruption.
- Increase and maintain public awareness of the facilities available to report concerns about fraud and corruption.
- Provide mandatory eLearning for all employees

6.13   The Council understand the best way to fight fraud and corruption is to prevent it happening in the first place. The Council will continually work towards realigning counter fraud resources away from enforcement towards prevention, aiming to deter all would be offenders. Existing measures to prevent fraud and corruption continue to be embedded within current processes and policies across the whole organisation. Measures include:
- Identifying fraud prevention controls.
- Promoting fraud prevention and provision of advice.
- Investigating allegations of fraud and corruption.
- Prosecuting and sanctioning offenders.

6.14   Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk-based audit reviews. The reviews will support the development of effective, proportionate, value-added counter fraud measures that also enhance the quality of our customer service.

6.15   A proactive and robust response to fraud, bribery and corruption which is embedded at the heart of the Council will help to deter even the most determined fraudster. A proactive approach to promoting our culture and approach to anti-fraud, bribery and corruption, both internally to the Council's staff and Councillors, but also externally to the public, businesses, and partners will help to deter fraudulent actions.

Pursue

6.16   The Council has a Fraud Response Plan which provides guidance to employees, managers and the public to define roles and responsibilities, actions, reporting lines in the event of suspected fraud or corruption.

6.17   Fraud must not pay, and when fraud or corruption is discovered the full range of sanctions will be deployed, including:

- civil
- disciplinary
- criminal action.

6.18   Every effort will be made to recoup losses and confiscate assets gained because of criminal activity.

6.19   Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff with the appropriate skills and access to specialist resources to secure effective prosecutions will be used. The Council will always publicise successful prosecutions.

6.20   Organised fraud can cross a range of organisations and services. Effective cooperation and joint working between local authorities and other agencies including the Police and NHS will be essential in the ongoing development of the Council's strategic response.

Protect

6.21   Fraud has a detrimental and devastating impact on the community. The Council, through education, i.e. website, as well as other factors including identification, prevention, enforcement and robust governance will seek to stamp out fraud practices in areas that it has direct control of. By stamping out fraud it will protect the public purse and ensure the maximum amount of funding is reaching the Services it provides.

6.22   The Council will seek to protect itself against serious and organised crime. It will seek to protect itself from cyber-crime and protect itself from fraud risks by continually monitoring and developing the control frameworks in place.

6.23   The Council will endeavor to protect individuals against crime and protect against the harm that fraud can do to the community.

7. Key Responsibilities for delivering the Strategy

Stakeholder	Specific Responsibilities
Chief Executive (Head of Paid Service)	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud, bribery, corruption and theft.
Chief Financial Officer (Section 151 Officer)	To ensure the Council has in place an effective anti-fraud strategy, an effective internal control environment in place and there is an effective internal audit service in place to provide an objective view of the internal control environment.
Monitoring Officer (Head of Legal and Democratic Services)	To help ensure that the Council does not act unlawfully.
Audit & Governance Committee	To monitor the Council's strategies and policies and consider the effectiveness of the Whistleblowing Policy and Anti-Fraud, Bribery and Corruption Policy and Strategy.
Councillors	To promote and support the Council's stance on fraud, bribery and corruption.
External Audit	A statutory duty, to ensure that the Council has in place sound arrangements for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit	To develop and implement the Council's Anti-Fraud, Bribery and Corruption Policy and Strategy and to investigate any cases of suspected fraud reported under this Strategy or via the Whistleblowing Policy. To provide advice and reviews on the effectiveness of internal controls which are designed to reduce the risk of fraud, bribery, corruption and theft.
Directors, Assistant Directors and Service Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that strong internal controls are in place and that these are properly implemented.
Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management and/or Internal Audit, taking into consideration, if necessary, the Whistleblowing Policy.
Public, Partners, Suppliers Contractors and Consultants	To be aware of the possibility of fraud, corruption and bribery against the Council and report any genuine concerns or suspicions.

8. Reporting, Advice & Support

8.1 The Council expects all instances of fraud, bribery or corruption to be reported by its employees. The Council has in place a range of channels to report any fraud, and employees are actively and positively encouraged to raise any concerns in relation to the Council's activities. The Fraud Response Plan contains details and is attached within this document.

8.2 All concerns raised will be treated with discretion and 'in confidence'. Based on the information provided a decision will be made regarding the next appropriate action. Once the employee has reported the matter, they must follow any directions given and NOT make any further enquiries themselves or alert anyone to the report as evidence can be contaminated.

8.3 The 'Whistleblowing' approach is available for reporting any wrongdoing and can be used to report fraud, bribery and corruption allegations.

8.4 Fraud can be reported to the Internal Audit team via:
- Telephone 01905 843333 (answer phone)
- Email: worcsfraudhotline@worcestershire.gov.uk

9. Further Information

9.1 The Council will have full regard for relevant legislative and local strategy and policy requirements, including but not limited to:
- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Money Laundering Regulations
- Fraud Act 2006
- Bribery Act 2010
- Competition Act 1998
- Companies Act 2006
- Fighting Fraud and Corruption Locally. A Strategy for the 2020's
- Economic Crime and Corporate Transparency Act 2023
- National Fraud Initiative
- Worcestershire County Council Constitution
- IT & Digital Policies and Strategies
- Local Government Transparency Code
- Members Code of Conduct
- Employees Code of Conduct
- Anti-Money Laundering Policy
- Whistleblowing Policy

10.   Strategy Review

10.1   The Chief Internal Auditor, Chief Financial Officer and Audit and Governance Committee will ensure the continuous review and amendment of this Policy and Strategy to ensure it remains compliant with good practice and meets the needs of the Council.

Fraud Response Plan

11. Introduction

11.1   Worcestershire County Council (the Council) has a responsibility to protect the public purse. To achieve these responsibilities the Council has an effective Counter-Fraud, Bribery and Corruption Policy and Strategy covering both the Council and Worcestershire Pension Fund which is supported by the Audit and Governance Committee, the Senior Leadership Team and the Chief Officers Group. The Counter-Fraud, Bribery and Corruption Policy and Strategy confirms that the Council has a zero-tolerance approach to fraud, bribery and corruption. The Policy and Strategy is in place to minimise the risk of and protect the Council from the risk of fraud, bribery and corruption.

11.2   Councillors and Officers have an important role to play in the prevention and detection of fraud, bribery or corruption and are positively encouraged to raise concerns irrespective of seniority, role or status, in the knowledge that concerns, wherever possible and appropriate will be treated in confidence.

11.3   The public also have a role to play in the prevention and detection of fraud, bribery or corruption and are encouraged to inform the Council of their concerns via the channels available.

12. Purpose

12.1   The purpose of the fraud response plan is to provide guidance to staff, managers and the public to define roles and responsibilities, actions, reporting lines in the event of suspected fraud or corruption.

12.2   The use of the plan should enable the Council to prevent the loss of public money, recover losses and pursue those responsible.

13. Aims and Objectives

13.1   The aims and objectives of the Fraud Response Plan are:
- To ensure there is a clear understanding of the roles and responsibilities, so the correct officers are involved as appropriate.
- Minimise the risk of inappropriate action or disclosure taking place, which would compromise an investigation.
- Enable the prompt collection and securing of evidence to support any investigation, disciplinary, civil and/or criminal action.
- Prevent loss of funds or other assets where fraud has been identified and maximise recovery of losses.
- Minimise any adverse publicity and reputational damage to the Council.

14.   Reporting Suspicions

Employees

14.1   If a member of staff becomes aware of suspected fraud, theft or corruption, it should be reported as a matter of urgency to their immediate line manager. If this is not appropriate, then employees should report their concerns to the following Officers:

- Chief Internal Auditor
- Monitoring Officer
- Senior Management (if the line manager is suspected of being involved)
- Whistleblowing procedure

14.2   Employees may wish to report their concerns anonymously or they may request anonymity, total anonymity cannot be absolutely guaranteed, the Council will endeavor not to reveal the names of those that pass on information.

14.3   Employees who raise concern should avoid discussing their suspicions with anyone other than the Officer with whom they formally raise the issue with. Employees should not investigate or attempt to investigate the matter on their own.

14.4   Any cases of suspected money laundering should be immediately reported to the Council's Money Laundering Reporting Officer (MLRO) i.e. the Chief Financial Officer or their Deputy (See Anti-Money Laundering Policy and Procedures).

Managers

14.5   Any reports of concerns or suspicions should in the first instance be reported to the Chief Internal Auditor by managers receiving the disclosure. The Internal Audit team collates information on all suspected fraud, bribery or corruption and its outcomes to assess the impact of the effectiveness of the Council's Anti-Fraud, Bribery and Corruption Policy and Strategy and as part of the assessment on the Council's assurance framework.

14.6   If managers are made aware of a suspected fraud, they should listen to the concern and treat the report seriously and with sensitivity.

14.7   The line manager should obtain as much information from the employee reporting the concern and obtain any evidence that supports the allegation. The information obtained should be held securely. Managers should not investigate any matters or attempt to obtain further evidence without the concern being reported to the Chief Internal Auditor.

14.8   Managers should review the allegation to determine whether there is an immediate risk to safeguarding, if there is then the manager should contact the relevant safeguarding manager.

Councillors

14.9   Where there is suspicion that a Councillor may be involved in fraudulent activity, managers should report the matter directly to the Monitoring Officer

(Assistant Director for Legal, Demo and Governance). The Monitoring Officer will determine whether the matter should be reported to the relevant Group Leader.

15.   The Investigation Process

15.1   The Manager and the Chief Internal Auditor will review the concerns raised and any evidence that is initially available and decide whether:
- an investigation is required as the concerns are valid
- the concerns are not valid based on the evidence provided
- if further evidence is required to either refute or support the concerns

15.2   If a decision is made that an investigation will be undertaken, it will either be an internal investigation undertaken by either management or Internal Audit, or an external investigation which will be undertaken by the Police. The ultimate decision of a referral to the Police will be made by the Chief Internal Auditor, the Chief Financial Officer and the Monitoring Officer. Before any investigation commences it will be decided if any immediate action is necessary, for example, suspension of an employee, limiting system access or quarantining of Council equipment.

15.3   Internal investigation, either by Management or Internal Audit, will be conducted in an independent and professional manner and resources will be made available to ensure that the investigation can be carried out as a matter of urgency. Where management undertake the investigation, Internal Audit will be available for support and advice.

15.4   Once concluded a report will be written by management or Internal Audit and shared with the most appropriate person on a case-by-case basis. Weaknesses of system controls identified will be reported and recommendations made, advising how the controls can be improved. The relevant manager will need to respond to the identified weaknesses identifying the course of action to be taken and a deadline date.

Recovery of Losses

15.5   The investigation will quantify the extent of any losses incurred by the Council. The Council will take appropriate steps to recover any losses arising from fraud, bribery or corruption. The appropriate method of recovering financial loss will be determined.

15.6   Appendix 1 shows the fraud response plan in flowchart format.

Supporting Policies and Procedures

15.7   The Fraud response plan is supported by:
- Anti-Fraud, Bribery and Corruption Policy and Strategy
- Anti-Money Laundering Policy and Procedure
- Managing Conduct
- Code of conduct
- Whistleblowing

Plan Review

15.8   The Chief Internal Auditor will ensure the continuous review and amendment of this plan to ensure it remains compliant with good practice and meets the needs of the Council.

Appendix 1

Flow Chart

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┌─────────────────────────┐
│ Fraud concern identified │
└─────────────────────────┘
            │
┌─────────────────────────┐
│    Reporting options     │
└─────────────────────────┘
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Line Manager (or senior management, if line manager involved

Monitoring Officer

Whistleblowing Procedure

Chief Internal Auditor (CIA)

Chief Financial Officer

Assessment of concern by Manager and notify Chief Internal Auditor (CIA)

Sufficient to proceed? — Yes / No

No → **Chief Internal Auditor to record decision** → **Feedback to referrer**

Yes → **Strategy Meeting to include CIA and manager and other officers as necessary. Decision on immediate actions to be taken.**

Police Investigation — **Management Investigation** — **Internal Audit Investigation**

Outcome Report

Fraud? — No → **Management action - any changes required**

Yes → **Management Decision**

Recovery of Losses — **Consider changes to internal control environment** — **Disciplinary Hearing Sanctions applied**