



Anti-Fraud, Bribery and Corruption

APPENDIX A

**NAS Anti-Fraud, Bribery
and Corruption Audit
Committee Progress Report**

Date

23 January 2017

1. Introduction

The Norfolk Audit Service (NAS) Anti-Fraud, Bribery and Corruption Activity Plan 2017-2018 was approved by the Audit Committee on 21 September 2017. This report provides an update in respect of the counter fraud activity undertaken by NAS during the reporting period 1 July 2017 – 31 December 2017.

1.1 Headline Information

Since appointing an Investigative Auditor to the team, in June 2017, there has been a marked strengthening in the policy, procedures, approach and activity for the Anti-Fraud, Bribery and Corruption work. The Investigative Auditor has applied his experience and skills to move forward and conclude a significant number of complex investigations within agreed timeframes, with excellent feedback from the client services.

The adoption of the refreshed policy, strategy and activity plan were a key milestone and the Investigative Auditor has pressed on with a range of activities set out in the plan and described in this report.

1.2 Proactive Work Summary

The table below provides a summary of eighteen separate activities that have been completed during the reporting period.

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
1.	<p>The Investigative Auditor (IA) attended the Inside Government Conference - Preventing and Tackling Fraud Across the Public Sector.</p> <p>The Conference was led by Professor of Criminology Martin Gill and included the following areas:</p> <ul style="list-style-type: none"> • Tackling Fraud through data analytics, effective technology and partnership. • Making partnership work and understanding what partners want to achieve. • Creating effective fraud fighting teams. • Making finding fraud a good news story. • Recovering Proceeds of Crime. • Fighting Fraud and Corruption Locally 2016 – 2019 <p>Attendance at the conference provided insight into the latest Local Government strategies and assisted in the development of the Council's local Anti-Fraud, Bribery and</p>	<p>Criteria 5: Counter fraud staff keep up to date with relevant legislation.</p> <p>Criteria 7: Counter fraud staff partake in continued professional development (CPD)</p>

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
	Corruption policies and activity plan (see below).	
2.	<p>The Councils five Anti-Fraud Policies and Anti-Fraud Strategy have been updated and approved by the Policy and Resources Committee on 30 October 2017.</p> <p>In 2016, The Chartered Institute for Public Finance and Accountancy (CIPFA) produced the document 'Fighting Fraud and Corruption Locally - The local government counter fraud and corruption strategy (2016 – 2019).</p> <p>The rationale for the updated format of the strategy is to complement the national strategy, provide a framework that can be measured (via assessment) on an annual basis, and highlight areas of weakness as well as good practice.</p> <p>Furthermore a single Anti-Fraud, Bribery and Corruption policy has been developed to codify the arrangements that were in place at the Council.</p> <p>The revisions to the previous policies included:</p> <ul style="list-style-type: none"> • A single policy for all those associated with the council to be aware of • Clear definitions for Fraud and Bribery Offences • Clear reporting lines to ensure that allegations of fraud, bribery and corruption can be reported freely and without fear of repercussion. • Strengthening the councils position on the Bribery Act 2010 • Strengthen the deterrent effect of the policy • A response plan • Defined roles and responsibilities • Codified sanctions and redress. <p>In addition to the Policy and strategy an annual activity plan has been developed and agreed to direct the proactive counter fraud work undertaken.</p> <p>The policy, strategy and activity plan will be reviewed annually and updated when required to include the latest information and best practice.</p>	<p>Criteria 9: The Counter Fraud, Bribery and Corruption Policy is reviewed and updated annually to ensure it is up to date with current legislation and industry best practice.</p>

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
3.	<p>In June 2017 The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the third Counter Fraud and Corruption tracker (CFaCT). The Council took part in the survey and NAS provided fraud data collected over the previous 12 months.</p> <p>The results of the national survey were released by CIPFA in October 2017 and revealed the following:</p> <ul style="list-style-type: none"> • Across local authorities more than 75,000 frauds have been detected or prevented in 2016/17 with a total value of £336.2m. • Procurement, adult social care and council tax single person discount are perceived as the three greatest fraud risk areas. • Adult social care fraud has shown the largest growth in the past year, with an estimated £5.6m investigated compared with £3.0m in 2016 <p>The outcomes of the survey will inform future counter fraud activity and the IA is liaising with the Executive Director of Adult Services in respect of the identified risk.</p> <p>A full copy of the report has been provided at Appendix B for the information of the Audit Committee.</p>	<p>Criteria 14 (Benchmarking): There is a system of monitoring, follow up and review in place relating to new and emerging fraud, bribery and corruption risks. Where identified, warnings are issued to relevant departments so that prevention measures can be implemented.</p>
4.	<p>In October 2017 CIPFA made a presentation to the Council's Digital Innovation and Efficiency Committee relating to the potential for a Norfolk Counter Fraud Hub.</p> <p>It was proposed that the county and district councils form a group and share data to identify potential financial crime using technology provided by BAE Systems.</p> <p>The potential frauds that the technology is currently able to identify is as follows:</p> <ul style="list-style-type: none"> • Council Tax Reduction Scheme (CTRS) Fraud • Housing Tenancy Fraud • Business Rates Fraud <p>As result of the presentation the committee approved for the Head of IMT to research the potential for the group and</p>	<p>Criteria 21: Research and development activities are undertaken periodically to assess and implement measures for detecting fraud, bribery and corruption through the use of technology across NCC's service lines.</p>

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
	<p>develop a business case for the scheme and assess the likely costs/potential savings through recovery.</p> <p>Further updates in respect of the initiative will be provided as the matter progresses.</p>	
5.	<p>In 2016/2017 DWP fraud teams worked with District Council fraud teams to pilot a scheme for the data sharing and joint investigation of the following fraud risks:</p> <ul style="list-style-type: none"> • CTRS Fraud • Housing Tenancy Fraud • Social Security Benefit. <p>Following a request from the Minister for Local Government and the Parliamentary Undersecretary of State (DWP), the Council has expressed an interest in the joint counter fraud initiative with the DWP local fraud investigators.</p> <p>In doing so the Council may be able to work closer with neighbouring Councils in sharing data and; to assist with identifying and investigating allegations of fraud in the wider community.</p>	<p>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.</p>
6.	<p>The IA has met/liased with the following departments/personnel throughout NCC to discuss fraud, bribery and corruption issues during the period:</p> <ul style="list-style-type: none"> • Educator Solutions (ES) HR Business Partners. • Lead HR Business Partner. • Advice and Consultancy Manager. • ES Finance & Business Services Manager. • NP Law Solicitor (Employment Law) • Head of Localities (North, Broadland and East) • Head of Procurement. • Accountants – Children’s Services • Client Services Exchequer Manager • Finance Team Manager • Safeguarding Adults Board Manager/Business Lead • Quality Assurance Manager <p>The purpose of these meetings was to enhance NCC’s counter fraud culture, promote the reporting lines for raising</p>	<p>Criteria 6: Robust communication arrangements are in place between staff who undertake counter fraud, bribery and corruption related activities and other key departments and traded services within NCC</p>

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
	concerns, identify areas for counter fraud activity and assess potential investigations.	
7.	<p>The IA has presented a fraud awareness training session to staff within the Compliments and Complaints Team in the Managing Director's Department.</p> <p>The training provided up to date information on the Fraud Act and Bribery Act and the Council's position in regard to reporting and investigating allegations of fraud.</p> <p>The purpose of these sessions is to promote collaboration and to enable the corporate message for the approach to tackling fraud to be explained and embedded.</p> <p>As a direct result of this session a fraud referral was received and is currently being assessed for potential investigation, thus demonstrating the effectiveness of the activity.</p>	<p>Criteria 6: Robust communication arrangements are in place between Counter Fraud staff and other key departments and traded services within NCC.</p> <p>Criteria 13: All staff within NCC are provided with knowledge (proportionate to their role) of what constitutes fraud, the fraud risks that are prevalent, and how to report concerns.</p>
8.	<p>The IA has presented a fraud and Bribery awareness training session to Head Teachers as part of Norfolk Schools Finance Training.</p> <p>A total of 14 head teachers were present at the session where information and advice was provided relating to school specific fraud and bribery risks.</p> <p>The below are examples of the feedback received following the session:</p> <p><i>What were the most effective aspects of the training session for you?</i></p> <ul style="list-style-type: none"> • <i>"Fraud session in terms of the 'what ifs' that could happen...very worrying local/national picture"</i> • <i>"fraud session also very interesting"</i> • <i>"overall picture and guest speaker"</i> • <i>"the fraud/bribery session was very informative"</i> • <i>"The talk by the IA about Fraud was interesting"</i> 	<p>Criteria 8: Multiple platforms are utilised to ensure NCC's commitment to tackling Fraud, Bribery and Corruption is communicated effectively including: face to face meetings and presentations at events,</p> <p>Criteria 15: There are proportionate processes in place for the prevention, detection and deterrence of</p>

	Activity	Link to NCC Anti-Fraud, Bribery and Corruption Strategy.
	<p><i>What follow up actions will you take as a result of this training?</i></p> <ul style="list-style-type: none"> • <i>“fraud and bribery policy – update”</i> <p>As a result of the positive feedback received, further sessions have been planned in 2018.</p>	<p>fraudulent activity throughout NCC’s service lines</p>
9.	<p>In November, The IA attended and presented at the Norfolk Head teacher forum.</p> <p>The presentation included an update in respect of school specific fraud issues and the work of the County Council in combatting fraud, bribery and corruption.</p> <p>In addition the Council’s Anti-Fraud, Bribery and Corruption policy has been amended to be appropriate to the schools setting and it was agreed by the forum to be implemented going forward.</p> <p>Further activity has been planned in this area including the development of awareness materials in respect of identified risks.</p>	<p>Criteria 8: Multiple platforms are utilised to ensure NCC’s commitment to tackling Fraud, Bribery and Corruption is commutated effectively including: face to face meetings and presentations at events,</p> <p>Criteria 15: There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity throughout NCC’s service lines</p>
10.	<p>The IA has liaised with the fraud teams at Broadland District and South Norfolk Councils.</p> <p>The purpose of the liaison is to promote joint working and identify areas of local and national risk that have impact across the county.</p> <p>The liaison has been received positively and a number of initiatives and ideas have been shared including the potential to undertake joint proactive activity in the future.</p> <p>Further meetings have been agreed for 2018 and the IA will continue promote joint working initiatives and collaborate</p>	<p>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</p>

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	where appropriate.	innovation, and information.
11.	<p>The Local Government Association has developed a workbook for elected members on bribery and fraud prevention.</p> <p>The workbook has been designed as a learning aid for elected members and covers the following areas:</p> <ul style="list-style-type: none"> • Fraud from a local authority perspective • Council and councillor responsibilities in relation to fraud prevention and detection • The fraud response • Fraud risk management • Assurance that fraud arrangements are effective <p>Links to the workbook were provided to Democratic Services and included in the August 2017 edition of the member's weekly Insight magazine.</p>	<p>Criteria 13: All staff within NCC are provided with knowledge (proportionate to their role) of what constitutes fraud, the fraud risks that are prevalent, and how to report concerns. Staff knowledge is tested periodically</p>
12.	<p>The IA has met with the Client Services Exchequer Manager to discuss fraud risks relating to Direct Payments made by the Council.</p> <p>It was found that a number of new initiatives are being implemented to mitigate the risk of fraud in this area including moving to a pre-payment card system for direct payments to be made.</p> <p>The IA will continue to monitor this risk, assist with evaluating new systems along with NAS Auditors and report any significant findings to the Audit Committee.</p>	<p>Prevent – preventing, deterring and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.</p>
13.	<p>A new Fraud and Bribery E-Learning course has been developed and should be available on the intranet by the time the Audit Committee meets.</p> <p>The course has been designed to provide basic fraud and bribery awareness and promote the reporting lines for</p>	<p>Criteria 13: All staff within NCC are provided with knowledge (proportionate to their role) of what</p>

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	<p>concerns to be raised in accordance with the councils Anti-Fraud, Bribery and Corruption policy.</p> <p>It is intended that the e-learning course will form part of the Councils mandatory induction training program and it has been Agreed by the Executive Director of Finance and Commercial Services that all Finance and Commercial Services staff will complete the training with a deadline of 31 March 2017.</p> <p>Furthermore agreement has been reached with the Executive Director of Adult Social Services to provide the training and further awareness to division staff going forward.</p>	<p>constitutes fraud, the fraud risks that are prevalent, and how to report concerns. Staff knowledge is tested periodically.</p>
14.	<p>In October, the IA provided an article for the inclusion in the Councils internal communication; Norfolk Manager.</p> <p>The article covered the following topics:</p> <ul style="list-style-type: none"> • Local prosecutions investigated by the IA in a previous role • The national picture relating to fraud risk • An introduction to the IA • An introduction of the Councils updated Anti-Fraud provision • Management responsibility for tackling fraud and bribery concerns • What to do and how to report concerns and; • Links to the updated strategy and policy <p>By providing articles of this nature it is intended that managers have a better understanding of the risks that are associated within the topic areas so appropriate measures can be applied to mitigate the risk of fraud and bribery from occurring.</p>	<p>Criteria 13: All staff within NCC are provided with knowledge (proportionate to their role) of what constitutes fraud, the fraud risks that are prevalent, and how to report concerns. Staff knowledge is tested periodically.</p>
15.	<p>The IA has commenced a Strategic Fraud Risk Assessment.</p> <p>The purpose of the assessment is to provide assurance that the strategic fraud prevention arrangements in place at the Council are robust and fit for purpose and identify areas for improvement.</p> <p>Upon completion of the assessment it is intended that</p>	<p>Criteria 2: Risk Assessments are carried out periodically to identify and understand fraud, bribery and corruption risks.</p>

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	<p>targeted reviews will be undertaken in areas of locally and nationally identified risk.</p> <p>The results of the assessment will be provided to the Audit Committee.</p>	<p>The anti-crime activities undertaken are proportionate to the level of risk identified and the activities are risk based.</p>
16.	<p>The IA has commenced a supplementary review of the data matches provided as part of the national Fraud Initiative.</p> <p>The NFI is an exercise that matches electronic data (such as payroll data) within and between public and private sector bodies to prevent and detect fraud.</p> <p>As part of the supplementary review, data within the NFI application has been compared with internal information available at the Council to identify potential areas of concern, such as staff working for other organisations whilst in receipt of sickness absence pay.</p> <p>Upon completion of the review any significant findings will be considered for investigation.</p>	<p>Criteria 18: There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of payroll fraud to include: Recruitment, Illegal working, Working Whilst Sick, Secondary Employment, Overtime and Expenses.</p>
17.	<p>The following policies are currently under review to assess their provisions for fraud resilience:</p> <ul style="list-style-type: none"> • Whistleblowing Policy • Code of Conduct and Behaviour Policy <p>Comparative work against other local government organisations is being completed to identify areas for improvement and best practice.</p> <p>It is intended that this work will be completed by the end of the financial year.</p>	<p>Criteria 10: The risk of Fraud, Bribery and Corruption is acknowledged and referenced within key policies to create a suite of Counter Fraud, Bribery and corruption arrangements intended to embed a counter fraud culture throughout NCC.</p>

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18.	<p>In September 2017 the government published the 2017 Cross Government Fraud Landscape annual report.</p> <p>The report focuses on detected fraud and error data collected across central Government in areas of expenditure outside of the tax, welfare and local Government systems.</p> <p>It is reported that identified fraud losses increased by 148% between 2014/2015 to 2015/2016 financial years (29.7 million to 73.6 million)</p> <p>The amount of fraud prevented also increased over the period by 20% (27.5 to 33.1 million)</p> <p>The Cabinet Office believe the reasons for the increase in detected and prevented fraud are due to:</p> <ul style="list-style-type: none"> • An improvement in the quality and comprehensiveness of reporting as a result of a focus in this area; • An increased focus on the risk of fraud across government; and, • A drive by the Cabinet Office to develop established methodologies for measuring prevented fraud. <p>The outcomes of the report demonstrate that detecting more fraud can have a positive impact and will assist in informing future counter fraud activity at the Council (both proactive and reactive).</p> <p>A full copy of the Cross government fraud landscape annual report can be found at Appendix C of this report for the Audit Committees information.</p>	National Picture.

1.3 Looking Ahead

The table below provides the Audit committee with the Counter Fraud work scheduled to occur before the next Audit Committee meeting.

Due to reactive investigation priorities and available resource it may not be possible to complete all of the stated tasks during the period.

Activity	Quarter 4 2018
Completion of the Fraud Risk Assessment	•
Completion of the supplementary NFI data match review	•
Further meetings with key personnel (internal and external)	•
The creation of fraud prevention materials, articles and newsletters	•
Completion of the Whistleblowing and Code of Conduct reviews	•
Production and completion of Fraud ELearning.	•
Production of the Anti-Fraud, Bribery and Corruption Annual Report	•

1.4 Reactive Investigation Update

The below tables provides a summary of the cases investigated during the current financial year.

The “**Fraud Detected**” column represents cases that resulted in either a sanction or other corrective action to mitigate the risk of reoccurrence:

Cases ongoing from 2016/2017	Total referrals received 2017/2018 to date	Cases closed - Fraud Detected	Cases closed – No Further action	Total cases on-going
0	8	3	3	2

From the referrals received:

- 3 cases related to Norfolk Schools
- 3 cases related to internal matters
- 2 cases related to members of the public.

A summary of any financial loss and/or any recovery action will be provided in the 2017-2018 Anti-Fraud, Bribery and Corruption annual report at the end of the financial year.

Contact

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