

NCC Anti-Fraud, Bribery and Corruption Operational Strategy - (v2017)

- 1. Introduction**
- 2. Overview of the operational strategy**
- 3. Scope of the Operational Strategy**
- 4. Approach**
- 5. Norfolk County Council Fraud, Bribery and Corruption Operational Criteria.**
- 6. Assessment.**
- 7. Roles and Responsibilities**
- 8. Reporting Concerns and further information.**

1. Introduction

No organisation regardless of its structure, size or business activity is immune from the risk of Fraud, Bribery or Corruption (including theft). Surveys are regularly carried out in an attempt to estimate the true scale and cost of fraud to business, government and society. Although findings vary, and it is difficult to obtain a complete picture as to the full extent of the issue, it is widely recognised that fraud is a prevalent issue within Local Government at a cost estimated in excess of two billion pounds per year.

Norfolk County Council (NCC) is one of the largest organisations in the county employing approximately 20,000 people across its service lines, and having gross expenditure of around £1.41bn in 2016 alone.

Fraud

The Fraud Act 2006 came into force on 1 July 2007 and created three main criminal offences:

Fraud by false representation;
Fraud by failing to disclose information; and,
Fraud by abuse of position.

For fraud to occur it must be established that the offenders conduct is dishonest, and it is their intention to make a gain, or cause a loss (or the risk of a loss) to another.

Upon conviction, offences of fraud carry a maximum sentence of 10 years imprisonment.

Bribery and corruption

The Bribery Act 2010 reformed criminal law regarding bribery related offences, making it easier to tackle this offence proactively in both the public and private sectors. Four main offences of bribery were created as a result of the act:

- Offence of bribing another person

- Offence of being bribed
- Bribery of foreign public officials
- Failure of commercial organisations to prevent bribery

The corporate offence of failure to prevent bribery means that commercial organisations (including public organisation's wholly owned companies, subsidiary companies, and traded services) and their boards may be exposed to criminal liability if it is found that adequate procedures to prevent bribery have not been implemented.

Bribery is generally defined as giving or offering someone a financial or other advantage to encourage that person to perform their functions or activities improperly or; to reward that person for having already done so; or requesting, agreeing to receive or accepting the advantage offered.

Upon conviction, offences of bribery carry a maximum sentence of 10 years imprisonment and unlimited fines.

NCC is committed to the eradication of fraud, bribery and corruption and to the promotion of high standards of integrity. Fraud, Bribery and Corruption are not acceptable, and will not be tolerated. One pound lost to corrupt practices means one pound less for public services and the achievement of NCC's priorities, which are:

- Caring for your money
- Caring for your family
- Caring for your community
- Caring for your health and well being
- Caring for your roads and environment
- Caring for your economy

To deliver on these priorities there is a need to maximise NCC's available financial resources. NCC recognises its responsibility to protect public funds and we will endeavour to implement secure systems and promote high standards of conduct.

We will investigate and seek the strongest possible sanctions against those who seek to defraud or steal from the Council and prioritise the recovery of funds lost to fraud, bribery and corruption. This includes our own Members, Employees, Contractors, Partners and Suppliers, Members of the public, other Individuals, and organisations the NCC does business with.

Norfolk Audit Service (NAS) leads on the strategic delivery of Counter Fraud, Bribery and Anti-Corruption work across all of NCC's services. The aim is to protect the public purse, NCC, its staff and its service users from corrupt activities that would undermine NCC's aims and objectives of meeting public service requirements.

This document sets out and provides information on NCC's response to the document '**Fighting Fraud and Corruption Locally, The local government**

counter fraud and corruption strategy 2016 – 2019’ and; how NCC undertakes a realistic assessment of its counter fraud, bribery and corruption provision on an annual basis.

2. Overview of the Operational Strategy

To support NCC in implementing appropriate measures to counter fraud, bribery and corruption, a suite of anti-crime goals have been developed that encompass the FFCL strategy. Having these goals in place and creating work programs to attain them helps to protect NCC against financial crime and assists with ensuring resources are used for their intended purpose. It is the responsibility of NCC as a whole to ensure it meets the required standards however, one or more departments or individuals may be responsible for implementing a specific task area. The key departments or individuals likely to be involved in helping NCC meet the fraud, bribery and corruption requirements are finance, internal and external audit, risk, communications, human resources, training and Development, all Executive Directors and the Managing Director.

NCC’s anti-crime goals are set out below. There are three sections that follow the FFCL Strategy as well as an additional section regarding governance:

Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent: preventing 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.

Pursue: punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

3. Scope of the Operational Strategy

This operational strategy (and NCC’s associated policies/guidance) aims to provide assurance that a robust counter fraud, bribery and corruption culture is promoted and embedded across NCC’s members, employees, consultants, suppliers, contractors, outside agencies and their employees and any other party that NCC is in a formal partnership relationship with, including the wholly owned companies,

And:

That any financial irregularity or suspected financial irregularity or allegation of Fraud, Bribery or Corruption involving any of the stakeholders mentioned above is promptly reported via the correct reporting lines and investigated to a conclusion.

4. Approach

3.1 In compiling this operational strategy, NAS have considered NCC's Priorities and objectives and have also incorporated guidance and best practice of combatting fraud within local government, devised from a number of different sources as follows:

- National Fraud Authority (NFA): Fighting Fraud Locally - The Local Government Fraud and Corruption Strategy 2016-2019
- National Fraud Authority: Annual Fraud Indicator
- CIPFA Managing the Risk of Fraud.

3.2 'Fighting Fraud and Corruption Locally (FFCL), the local government counter fraud and corruption strategy 2016 – 2019'

The changing context in which local government services are delivered, the increasing risk of fraud by motivated offenders, reduced local authority resources and associated changes to existing local control frameworks together create a pressing need for a new approach to tackling fraud perpetrated against local government.

Fighting Fraud and Corruption Locally recognises these challenges and the need for a cost effective way to reduce fraud. The strategy calls for a greater emphasis on prevention and the recovery of losses through criminal activity and highlights the need to create new arrangements to ensure that local authorities retain a resilient response to fraud, bribery and corruption.

NCC shares this ethos and has created this operational strategy in pursuance of turning strategy into action to ensure that NCC's counter fraud response is effective and: those involved in counter fraud activities have a robust framework to undertake their duties.

5. Norfolk County Council Fraud, Bribery and Corruption Operational Criteria.

To enable NCC to direct its anti-crime goals into an actionable work plan, 23 operational criteria have been created that encompass the FFCL strategy.

The criteria have been designed so that an assessment can be made of the counter fraud, bribery and corruption provision in place at NCC and identify areas of good practice, as well as where improvements can be made to enhance counter fraud work in the future.

Further details of how NCC assesses itself against the anti-crime goals can be found in section six.

Govern - Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC

1. Elected members, Directors, Heads of Service and all those charged with governance demonstrate top level strategic support for all anti-fraud, bribery and corruption related activity at NCC.
2. Risk Assessments are carried out periodically to identify and understand fraud, bribery and corruption risks. The anti-crime activities undertaken are proportionate to the level of risk identified and the activities are risk based.
3. NCC reports annually on the anti-Fraud, bribery and corruption activities undertaken and where further action is required to improve performance, this is detailed therein.
4. Accredited staff are utilised effectively to undertake a range of anti-fraud, bribery and corruption work including reactive investigation work to hold those who commit fraud, bribery or corruption to account, as well as proactive activities to deter potential fraudsters from criminal activity.
5. Counter fraud staff keep up to date with relevant legislation, as well as guidance issued by relevant bodies such as the Department for Communities and Local Government (DCLG), the Local Government Association, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Police.
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.
7. Those charged with the responsibility for counter fraud, bribery and corruption activities partake in continued professional development (CPD) periodically to ensure they are up to date with legislation and the latest counter fraud techniques.

Acknowledge - Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

8. There is an annual program of work with the intention of turning the operational criteria into action and embedding a counter fraud culture throughout NCC. Multiple platforms are utilised to ensure NCC's commitment to tackling Fraud, Bribery and Corruption is communicated effectively including: face to face meetings, presentations at events, E-learning (mandated for key stakeholders), emails, social media, newsletters, crime awareness toolkits provided by organisations such as CIPFA and, other available awareness platforms.

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. Activity is undertaken on a regular basis to promote awareness of the policy and its provisions.
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.
11. There are arrangements in place for the reporting of fraud, bribery and corruption concerns which are publicised and promoted throughout NCC and those it does business with. Staff awareness of the reporting process is tested periodically.
12. There are arrangements in place for the monitoring and review of the NCC Standards of Conduct and Behaviour Policy along with the associated registers for external interests and gifts and hospitality. Staff awareness of policy, and the reporting mechanisms in place for declaring interests is measured periodically.

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.

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.
14. 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.
15. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity throughout NCC's service lines to include: LA Maintained Schools, Norfolk Infrastructure, Adult Social Care and Children's Services. Where fraud has been identified, root cause analysis is undertaken and prevention and deterrence measures implemented where necessary.
16. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of procurement to include: Conflicts of Interest, Bribery, False Quotes and Tenders, Manipulating Tender Processes and Contract Splitting. Additionally, procurement staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.

- 17.** There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of banking control, invoice fraud and mandate fraud to include: financial system access, segregation of duties, banking fees, supplier bank details changes, authorised persons and delivery checks. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.
- 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. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.
- 19.** There are proportionate processes in place for the prevention, detection and deterrence of cyber-crime related fraudulent activity. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken

Pursue - punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

- 20.** All reports, allegations and investigations relating to financial crime are recorded in a central register to inform intelligence, comply with legislation and assist with identifying repeat offences.
- 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.
- 22.** Consideration is given to the appropriate investigation methods for all allegations of fraud, bribery or corruption on a case by case basis to ensure that: the recovery of financial losses is prioritised from the outset through an assessment of likelihood and viability.
- 23.** NCC supports the investigation of allegations of fraud, bribery and corruption. Following an initial assessment, investigations relating to financial crime are undertaken by an Accredited Counter Fraud Specialist (or equivalent) and compliant with relevant legislation. Evidence is collected lawfully and without regard to any anticipated outcome of an investigation, whether it is disciplinary action, civil action or criminal proceedings.

6. Assessment

The aim of this operational strategy is to ensure that a robust counter fraud, bribery and corruption provision is embedded throughout NCC.

To assist with achieving that aim, Norfolk Audit Service will undertake an annual assessment of how NCC has performed as a whole against the operational criteria as set out in section five. The assessment will be included in the Counter Fraud, Bribery and Corruption annual report.

The annual assessment will be evidence based with the intention of highlighting good practice, as well as identifying areas of improvement which will be fed into future work plans so that a program of continuous progress can be attained.

For each operational criteria highlighted in section five, a rating will be provided using the RAG system along with any narrative to support the rating:

Where a RED rating is provided: There will be little or no evidence that the criteria have been met.

Where an AMBER rating is provided: There will be some evidence of activities towards meeting the criteria, however significant improvements are required to improve the provision.

Where a GREEN rating is provided: There will be sufficient evidence to support and justify the rating.

When scoring each criteria, the following outcomes will be considered where relevant:

Culture – creating a culture in which beating fraud and corruption is part of daily business.

Capability – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks.

Capacity – deploying the right level of resources to deal with the level of fraud risk.

Competence – having the right skills and standards.

Communication – raising awareness, deterring fraudsters, sharing information, celebrating successes.

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.

7. Roles and Responsibilities

This section provides information on the roles and responsibilities of those responsible for managing the counter fraud, bribery and corruption provision at NCC:

Elected Members: Required to support and promote the development of a strong anti-fraud, bribery and corruption culture by working to promote NCC's zero tolerance approach to tackling financial crime and:

- Keep up to date with relevant legislation and responsibilities related to fraud, bribery and corruption.
- Raise matters of concern that may come to their attention.
- Encourage the public to report concerns
- Pass on concerns raised by the public to the appropriate personnel.
- Participate in relevant reviews, disciplinary hearings or appeals as required.

Audit Committee: To have oversight of the anti-fraud and corruption arrangements including the strategy, policies and any associated guidance. Review, consider, approve and monitor the strategy and consider the adequacy and effectiveness of the arrangements for anti-fraud, Bribery, Corruption and Whistle-blowing.

Managing Director: (Including NCC Companies): Has overall accountability for the effectiveness of the Council's arrangements for countering fraud, bribery, corruption, and theft.

Section 151 Officer: Required by the Local Government Act 1972, the Section 151 Officer is nominated to take responsibility for making arrangements for the proper administration of a local authority's financial affairs, including anti-fraud and corruption strategies and measures. Norfolk County Council's Section 151 Officer is the Executive Director of Finance and Commercial Services.

Monitoring Officer (Head of Law): To advise Councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory codes of practice. Assisted by advice from the Chief Internal Auditor to lead on the promotion of the Strategy including training and publicity. To review the Strategy as required and report annually to the Audit Committee.

Chief Internal Auditor: To support and advise the Head of Law in respect of the internal audit function and; include an assurance statement on Anti-Fraud, Bribery and Corruption controls in the Annual Report to the Audit Committee. To develop on-going measuring and monitoring techniques to evaluate, remedy and continuously improve fraud, bribery and corruption prevention and detection. The measurable criteria and results are to be reported to the Audit Committee. To ensure that anti-fraud and corruption work is risk assessed and adequately staffed. To risk assess allegations as they arise and investigate where appropriate

Norfolk Audit Services: Responsible for implementing this Strategy and investigating any fraud, bribery and corruption issues reported under it, and/or the Whistleblowing Policy. To monitor action and respond to whistle blowers as required. To ensure that all suspected or reported irregularities are dealt with promptly and in

accordance with the Strategy and that action is identified to improve controls and reduce the risk of recurrence. To report on Anti-Fraud and Corruption arrangements to the Audit Committee in its Annual Report.

Managers: To promote employee awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit or the Head of Law. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, theft or bribery and to reduce these risks by implementing robust internal controls and monitoring these controls. To report suspicions or incidents promptly.

Employees: To comply with Council policies and procedures, to be aware of the possibility of fraud, bribery corruption or theft and to report promptly any genuine concerns to Chief Internal Auditor, the Head of Law, the Managing Director or the Executive Director of Finance and Commercial Services.

Members of the Public, Partners, Owned Companies, Suppliers, and Contractors & Consultants: To report any genuine concerns or suspicions relating to fraud, bribery, corruption or theft to NCC.

8. Reporting Concerns

For further information and the reporting of any concerns relating to Fraud, Bribery and Corruption please refer to the NCC Counter Fraud, Bribery and Corruption Policy or contact:

Adrian Thompson Chief Internal Auditor 01603 222 777 adrian.thompson@norfolk.gov.uk	Victoria McNeill Chief Legal Officer 01603 223 415 victoria.mcneill@norfolk.gov.uk	Whistleblowing Hotline 01603 22 44 33
--	---	--