Sunderland City Council

Counter Fraud Strategy

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Counter Fraud Strategy

1   Introduction

1.1   Over recent years the profile of fraud has been raised both at a national level and within the public sector. As the country tries to reduce the deficit tackling fraud is an integral part of putting public finances back on a stable footing and ensuring that tax-payers hard earned money is used to protect resources for frontline services. Fraud has a serious effect on all parts of the economy, as shown below:

a) The estimated levels of fraud, and resultant losses, suggest that the occurrence of fraud overall is increasing. Recent national reports put the threat into context:

    i) The National Fraud Authority have announced this year (2012) that:

        - Each year, private and public sector organisations, as well as individuals, lose over £73bn to fraud;
        - fraud costs every adult in the country about £1,460 a year, and
        - fraud against public sector organisations costs £20.3bn, with fraud against local government costing more than £2.2bn a year.

    ii) The Audit Commission has also recently published its 2012 report, Protecting the Public Purse. From its survey of fraud detected in local government in 2011/12, it has identified:

        - £179m worth of fraud;
        - Comprising £117m relating to housing benefit fraud, £21m relating to Council tax discounts and £41m relating to other frauds;
        - £24m of other frauds are related to procurement, abuse of position, payroll/pensions/expenses, disabled parking concessions, false insurance claims, and social care.

b) The 2010/11 Audit Commission's National Fraud Initiative resulted nationally in fraud and overpayments amounting to £229 million being identified amongst public bodies.

1.2   The change of emphasis from local government being a provider to a commissioner of services changes the risk profile of fraud, as well as the control environment in which risk is managed. More arms length delivery of services by third parties in the private, voluntary and not-for-profit sectors will mean that more public money is entrusted to more parties, whilst the controls local authorities previously exercised will be removed or reduced. Without new safeguards, preventing, detecting and investigating fraud will become more difficult.

1.3 The Council currently spends approximately £700 million on the services it provides. The size and nature of the Council's role and activities puts it at risk from losses due to fraud, e.g. the number of services, service users, employees, partners, and suppliers. Whilst in recent times there has been very few recorded occurrences of fraud, the Council needs to continue to be vigilant and not be complacent as to the risk of fraud, especially given the level of change that has been ongoing and will continue in the coming years.

1.4 A report issued by PriceWaterhouseCoopers, Fraud in the Public Sector, highlighted the 3 main contributing factors to why people commit fraud, as set out below.

Fraud Risk - Contributing Factors

Incentive / Pressure (71%)

Opportunity (15%)

Justification / Attitude (12%)
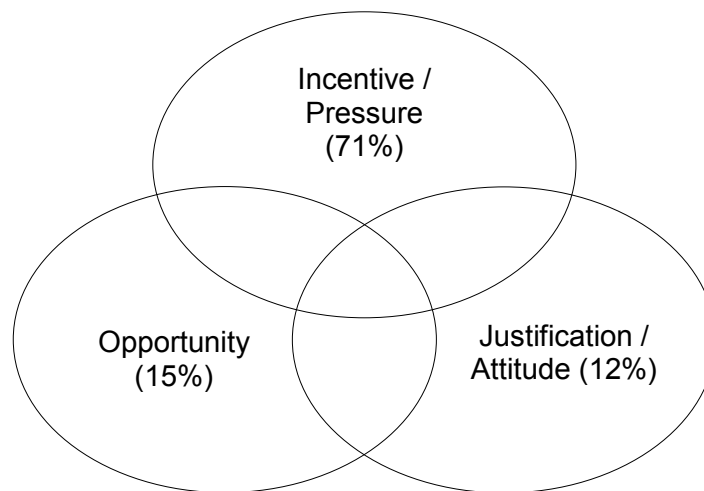
The report highlighted that the most significant contributing factor, under 'incentive / pressure', relating to the public sector at this time was the fear of unemployment.

1.5 Fraud committed against the Council can have a significant and negative effect in respect of service delivery and reputation. This could include, for example:

a) Decrease the service provision due to loss of funds.
b) A loss of trust with external bodies, partners and the public.
c) Financial and resource costs of investigative work, including costs in relation to any employee suspensions and impact upon service delivery.

2. Background

2.1 The Council's Anti Fraud and Corruption Policy Statement (Appendix 1) sets out the Council's commitment to having a 'zero-tolerance' stance against fraud, corruption and financial impropriety, as follows:

"*The Council will not tolerate dishonesty on the part of any Councillor or its employees or any person or organisation involved in any way with the Council.*"

2.2   The Policy Statement also states that:

"The Council is committed to establishing and maintaining effective arrangements to prevent fraud, corruption and financial impropriety."

2.3   The current arrangements in place are set out at Appendix 2.

2.4   These arrangements have been accompanied by ongoing work to raise the awareness of the Council's Anti Fraud and Corruption Policy as well as to emphasise the responsibilities each individual has to protect the Council against fraud (see Appendix 3 for a description of these responsibilities).

3.   Changing Context

3.1   The fight against fraud locally needs to be seen in the context of a number of changes affecting local authorities. Financial constraints, the move towards localism, plus the introduction of local auditing arrangements and a single fraud investigation service to tackle benefit fraud could all make the environment for tackling fraud more challenging. To respond to this challenge it is necessary for the Council to ensure that its strategic arrangements address these issues.

3.2   The changing landscape and delivery of services by third parties requires an assessment of new fraud risks. The response should include fraud proofing of new policies, systems and delivery models so that fraud risks can be designed out at the earliest opportunity, ensuring that counter fraud practitioners are consulted at an early stage.

3.3   The first line of defence in preventing fraud is consistent application of internal controls.
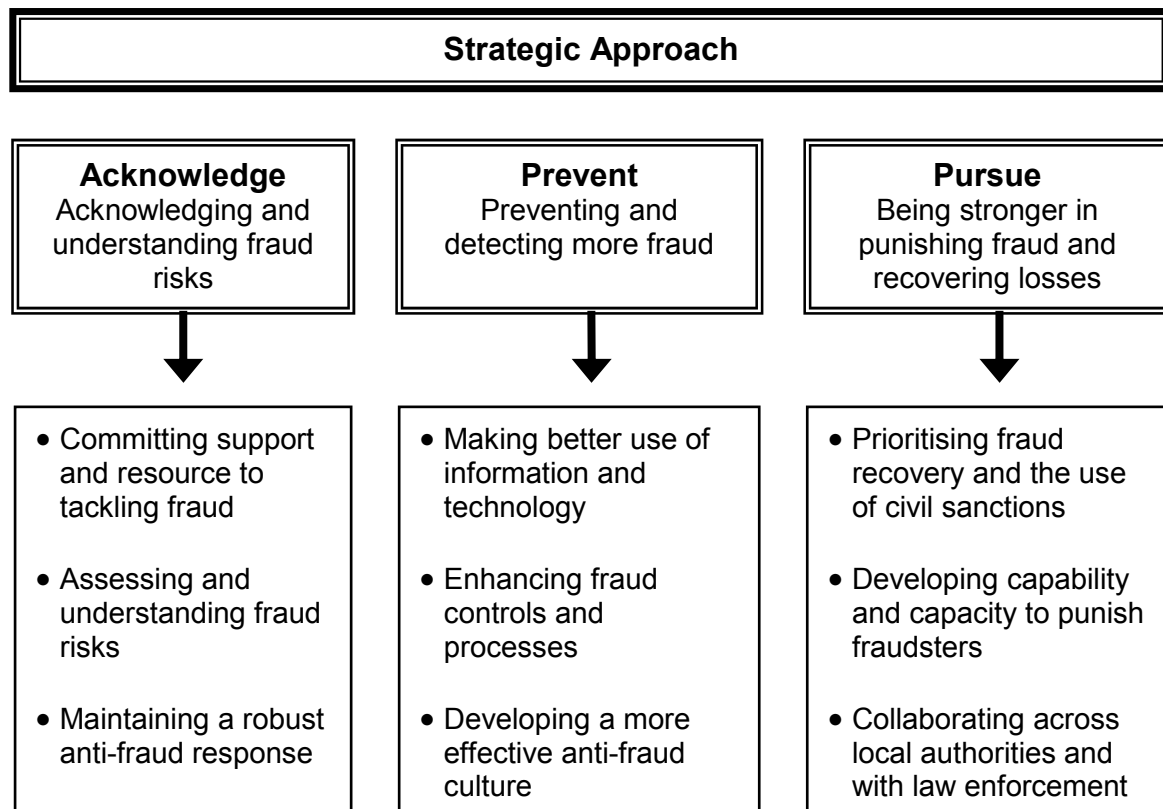
4.   New Approach

4.1   In order to effectively tackle fraud it is important that a holistic approach is adopted, focused on preventing fraud occurring in the first place, seeking it out and correcting it where it does exist, and delivering swift and effective punishments to those who attack the Council, whilst deterring others from considering the same course of action.

4.2   Under the Integrated Assurance Framework established within the Council managers are clearly responsible for establishing appropriate controls and for ensuring they are working in practice. The Framework also aims to co-ordinate all assurance activity, including that in relation to fraud and to ensure arrangements are working effectively across the Council. This includes the co-ordination of fraud prevention, detection and investigation arrangements.

4.3   The Audit, Risk and Assurance service has the expertise in relation to the design of control systems that aim to manage the risk of fraud. The Risk and Assurance team has been created to provide advice and guidance in relation governance and control matters, including fraud, at the earliest stage to ensure appropriate controls are designed into arrangements as they are being established. This team also undertakes investigations of suspected fraud and corruption.

4.4   The Internal Audit team maintains the fraud risk assessment for the Council and undertakes compliance work aimed at detecting fraud and providing assurance on the effectiveness of the controls in place. Internal Audit will also review the effectiveness of management in establishing fraud prevention controls and monitoring compliance with them.

4.5   To embed a collaborative approach to tackling fraud the following approach will be adopted:

Strategic Approach		
Acknowledge Acknowledging and understanding fraud risks	**Prevent** Preventing and detecting more fraud	**Pursue** Being stronger in punishing fraud and recovering losses
• Committing support and resource to tackling fraud • Assessing and understanding fraud risks • Maintaining a robust anti-fraud response	• Making better use of information and technology • Enhancing fraud controls and processes • Developing a more effective anti-fraud culture	• Prioritising fraud recovery and the use of civil sanctions • Developing capability and capacity to punish fraudsters • Collaborating across local authorities and with law enforcement

4.6   Scope and Definitions

4.6.1 This Strategy relates to the whole Council and its activities and includes counter fraud work undertaken in any service of the Council, schools, partnerships within which the Council is involved, third parties providing services to or on behalf of the Council and other organisations receiving or holding Council funds.

4.6.2 For the purpose of clarity the following definitions are relevant:

Fraud
Fraud is defined as any dishonest act perpetrated in order to seek actual or attempted gain and/or cause actual or potential loss in money or other property (whether temporary or permanent). The Fraud Act 2006 provides for the offence of fraud and various ways of committing it, as follows:

a) A dishonest act made by way of false representation.
b) A dishonest act made by way of failure to disclose information.
c) A dishonest act made by way of abuse of position.

There are also offences of fraud specific to particular activities:

a) Possessing/controlling any item for use in the course of or in connection with any fraud.

b) Making or supplying items for use in fraud (e.g. forgery).

c) Participating in a fraudulent business.

d) Obtaining services dishonestly.

Corruption
Corruption is defined as *"receiving or giving any gifts, loan, fee, reward or advantage for doing, or not doing, anything or showing favour or disfavour to any person in their official capacity."*

Financial Impropriety
This is defined as any other wilful act which is not fraud or corruption but which leads to financial loss to the Council, e.g. the theft of cash, property (including equipment, time, data etc), forgery, the making of overpayments or duplicate payments or participating in money laundering activity.

5. Acknowledge

5.1 *Committing support to tackling fraud*

5.1.1 It is recognised that for counter fraud work to be effective it needs ongoing support both from Members and the Senior Management Team. This support includes:

a) active endorsement of the Council's Anti Fraud and Corruption Policy, and this Counter Fraud Strategy, by involvement in identifying fraud risks, providing an example to others, visibly taking allegations seriously, raising concerns where appropriate, supporting counter fraud work, adopting a series of policies, codes and arrangements designed to foster a counter fraud culture;

b) providing a level of investment and resource to the Council's counter fraud work that is proportionate to the risk which has been identified and which will enable the Council's Counter Fraud Strategy to be delivered;

c) providing appropriate authority and support to the Internal Audit team to allow them to pursue their remit, for example, by adopting clear written formal powers of access both within the Council and partner organisations via Financial Procedure Rules, partnership agreements etc.

5.1.2 The Council's Cabinet, Audit and Governance Committee, and Standards Committee are key Member forums from which to seek political support for counter fraud work within the Council.

5.2   *Assessing and understanding fraud risks*

5.2.1   It is important that the Council has a good understanding of the fraud threat, emerging risks and the savings that can be made from investing in countering fraud. A risk-based approach to fraud will enable the Council to manage the risk more effectively and target its resources more efficiently.

5.2.2   The most efficient approach is to target counter fraud to areas where fraud is most likely to occur. In order to achieve this it is essential that that the Council has a clear ongoing understanding of the fraud risk it faces and the adequacy and effectiveness of procedures and controls to manage those risks. Consequently, the Council will develop further its fraud risk assessment which will allow the Council to gain a better understanding of the types of fraud risk the Council faces and allow the size of the fraud threat to be assessed.

5.2.3   For each key area, the fraud risk assessment takes account of the fraud risks in the area, the likelihood of fraud occurring and the impact it may have as well as the effectiveness of internal control arrangements in place and the level of fraud which has occurred in the past.

5.2.4   A framework will be set up to allow appropriate intelligence to be gathered on an ongoing basis with the fraud risk assessment being reviewed periodically. Based on the fraud risk assessment a plan of counter fraud activity will be developed and included within the Internal Audit plan.

5.2.5   The Audit and Governance receive regular updates in relation to the Corporate Assurance Map, which includes Fraud and Corruption as one of the Corporate Risk Areas. The updates will include information on the level of fraud detected in the Council and opinions on the effectiveness of the arrangements in place.

5.3   *Maintaining a robust anti-fraud response*

<u>Awareness and communication</u>

5.3.1   It is important that potential fraudsters believe that they will be caught and punished, if they attempt or commit fraud.

5.3.2   Awareness campaigns have already been undertaken with officers and the public to raise awareness of the Council's attitude to fraud and corruption and how to raise concerns.

5.3.3   It is considered appropriate to reinforce the message by developing an ongoing programme of activity to reach all Council stakeholders, including those difficult to reach. This will consider the most appropriate way to communicate efficiently and effectively with stakeholders, and will incorporate ongoing evaluation to ensure that the message is being understood and a real anti fraud culture is being developed.

<u>Appropriate Skills</u>

5.3.4 Counter fraud work will be carried out by officers with the appropriate skills, knowledge and experience. Due the nature and variety of activity that constitutes counter fraud work an assessment will be maintained of the skills and expertise needed to carry out counter fraud activity. Where there is absence of the relevant skills and knowledge an appropriate training and development programme will be developed which is relevant to the Council's needs.

5.3.5 It is acknowledged that the Council's anti fraud arrangements and the delivery of its counter fraud strategy/plans will involve co-operation between individuals from different parts of the Council.

5.3.6 Officers involved in counter fraud 'assurance' work and 'detection' work will be:

   a) professionally trained for their role, and

   b) undertake this work in accordance with a clear ethical framework and standards of personal conduct laid down by professional bodies and the Council, e.g. Code of Conduct.

5.3.7 It may be appropriate for the Council to employ the services of outside agencies or professionals to assist with or carry out counter fraud work, e.g. the Audit Commission (NFI) or private sector parties.

6.   **Prevent**

6.1   *Making better use of information and technology*

6.1.1 The most efficient way to tackle fraud is preventing it from happening in the first place. Prevention extends beyond making sure that there are appropriate system and process controls in place. It depends on the development of an effective anti-fraud culture. Fraud prevention is closely linked to the early recognition of fraud, clear reporting processes and access to a whistle blowing helpline.

6.1.2 A key preventative measure to counter fraud is to take effective steps to ensure that people working for the Council (e.g. employees, agency workers, consultants) are people of integrity. Consequently, the Council's procedures should ensure that appropriate checks are undertaken before they start working for the Council and where their role significantly changes.

6.1.3 Whilst the Council takes part in the Audit Commission's National Fraud Initiative, it is acknowledged that, where it is appropriate, the Council should use, gather and share a range of information to help identify potential fraud that is occurring. This usually involves the sharing of information between various bodies (e.g. insurance claims).

6.1.4 In addition to participation in the Audit Commission's National Fraud Initiative, the Internal Audit team will, based upon the fraud risk assessment:

a) Identify areas where data / intelligence gathering or sharing could assist with the detection of potential fraud.

b) Use IT and analytical techniques to interrogate, collate and analyse data to identify potential fraud.

c) Reviewing higher risk areas to pro-actively seek to identify potential fraud.

d) Make use of fraud alert services such as those from the National Anti Fraud Network.

6.2 *Enhancing fraud controls and processes*

6.2.1 The Risk and Assurance team specialise in aiding the development of arrangements as they are being established which includes the development of controls to prevent fraud. Risk registers also take into account the risk of fraud and set out mitigating actions.

6.2.2 The fraud risk assessment developed by Internal Audit includes setting out the risks and tests which can be carried out to detect whether the fraud risks are being realised. The key controls within each risk area are agreed with managers and a programme of testing will be developed to test compliance with the controls and the effectiveness of them. Any concerns identified will be investigated by the Risk and Assurance team.

6.2.3 Counter fraud activity undertaken by other parts of the Council will also be co-ordinated and the results reported to the Audit and Governance Committee through the Corporate Assurance Map updates.

6.3 *Developing a more effective anti-fraud culture*

6.3.1 As previously mentioned, arrangements to publicise the risk of fraud and how it will be addressed will be further developed. Staff and members of the public need to be motivated to tackle fraud, understand their responsibilities under the Council's arrangements and understand what they can do to raise their concerns.

6.3.2 The Council's anti fraud and corruption documents set out how concerns can be raised and to whom they should be directed. This sets out a variety of methods depending in the circumstances.

6.3.3 All potential fraud cases are to be reported to the Executive Director of Commercial and Corporate Services through the Head of Corporate Assurance and Procurement, so that an assessment can be made as to whether the Risk and Assurance team should carry out an investigation or whether the cases should be investigated by appropriate officers within the Directorate concerned.

6.3.4 Concerns regarding housing benefit or council tax benefit fraud will be referred to the Benefits Investigation Unit who are appropriately trained and qualified to handle them.

6.3.5 Whilst the Council has its own Disciplinary Procedure which provides general guidance as to the steps that should be undertaken during an employment investigation there is no specific guidance or training provided to investigating officers with regard to general fraud investigations.

6.3.6 The Risk and Assurance team will:

- Lead higher risk / complex fraud investigations;
- Liaise with the Director of HR&OD in relation to the investigation of fraud involving employees;
- Liaise with the Head of Law and Governance in relation to the investigation of fraud, where appropriate;
- Provide guidance and support to managers on undertaking fraud investigations for lower risk investigations (where they are the lead).

7.   Pursue

7.1   *Prioritising fraud recovery and the use of civil sanctions*

7.1.1 Enforcement covers the investigation, punishment and recovery of assets and funds. Punishing fraudsters acts as a powerful deterrent. Where fraud is discovered the full range of sanctions should be deployed, including civil, disciplinary and criminal action.

7.1.2 Fraud is a crime against the public and as such those who attempt or are caught committing fraud should be appropriately punished. This needs to be fair and consistent in order to maximise its impact on deterring future fraud. Although the Council routinely considers disciplinary and criminal action where appropriate, there is an opportunity for the recovery of assets to be used more frequently to ensure that the public and potential fraudsters are made aware that every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity. The Council will need to consider the most appropriate option for accessing the skills of a financial investigator through which assets can be recovered.

7.1.3 Whilst undertaking or advising on investigations, the Risk and Assurance team will:

- Liaise with managers within higher risk areas to ensure that appropriate measures are in place to punish fraudsters.
- Support management within Disciplinary Procedures.
- Provide advice and access to the Police where criminal activity is suspected.
- Consider circumstances, in liaison with Law and Governance, where the proceeds of crime may be recovered.

7.2   *Developing capability and capacity to punish fraudsters*

7.2.1   Criminal prosecutions are an important part of a counter fraud policy and can serve to deter offenders and reinforce a culture of zero tolerance to fraud. Developing in-house capability for investigating and prosecuting fraud or ensuring access to specialised investigative resource is the first step in developing an effective fraud enforcement response.

7.2.2   Appropriate training must be provided to those involved in investigating potential fraud and corruption. The Council needs to consider the most appropriate option for accessing these skills, whether it be through the training of their own in-house staff or through accessing them through a third party or a partner arrangement.

7.3   *Collaborating across local authorities and with law enforcement*

7.3.1   Local government is not immune from organised fraud. Recent years have seen a number of fraud cases where perpetrators have been part of a larger criminal network. Organised frauds often cross local authority boundaries and investigations tend to be complex requiring the deployment of specialist resources, such as computer forensics or surveillance capability. Such resources are expensive.

7.3.2   Effective co-operation and joint working between local authorities and with other agencies is essential as there are often links between frauds against local authorities and benefit frauds, immigration offences and shadow economy tax evasion. The Council currently undertakes joint working with the Department of Work and Pensions to investigate benefit fraud. Working with the Police is also undertaken in appropriate cases where criminal activity is suspected.

7.3.3   Although the National Fraud Initiative compares transactions between local authorities to identify any potential cases of fraud this is not enough to identify cases of organised crime. Further work will be undertaken to consider how this can be developed and embedded within the Council's arrangements.

8.   Defining Success (including performance measures)

8.1   It is important that the Council seeks to assess how effective its arrangements are for managing the risk of fraud and corruption. Currently there is work being undertaken and reported in various parts of the Council which is not all co-ordinated to make sure that it is appropriate and effective. Therefore there is no corporate performance framework in place to measure, report and assess the results of counter fraud work and their effectiveness.

8.2   The Council will gather the relevant data in order to be able to assess the effectiveness of its counter fraud arrangements. Therefore it is necessary to develop a corporate performance framework in relation to countering fraud, including key performance measures.

8.3 In order to develop an effective performance framework it is essential that:

a) Measures are adopted that will focus on outcomes, i.e. the results of the activity undertaken and not just activity or inputs.
b) The results of counter fraud work are appropriately reported, including ad assessment of the effectiveness of the Council's arrangements.
c) Corrective actions are identified and monitored to inform decision making in relation to future developments in the overall arrangements.

8.4 In order to be able to demonstrate that the overarching objectives of the counter fraud strategy are being achieved and that continuous improvement is sought, performance will be monitored using the following key measures:

- Level of awareness amongst employees regarding the Council's counter fraud arrangements
- Number of whistleblowing reports relating to fraud
- Percentage of recommendations implemented to improve controls relating to fraud
- Number of fraud investigations resulting in sanction and/or redress
- Reported financial losses due to fraud, corruption or financial impropriety

9. Benefits of implementing the strategy

9.1 By adopting this strategy the following benefits will be realised:

a) The Council will be in a better position to understand current and emerging fraud risks and to direct appropriate resources in a timely manner to effectively manage the risks and any impact.

b) Improved co-ordination of counter fraud work will result in a more focussed approach and efficient use of resources.

c) The extent and effectiveness of counter fraud work taking place across the Council will be more transparent and be able to be identified and measured.

d) Greater assurance will be provided to the Council as to the effectiveness of the Council's arrangements to prevent and detect fraud. There will also be a greater chance that any losses by the Council due to fraud may be detected and stopped.

e) The profile of the fraud risk facing the Council will be raised as will the importance of the role that Councillors, managers and employees, and other third parties play to ensure that the Council's Anti Fraud and Corruption Policy is implemented effectively.

9.2 This Strategy and supporting arrangements shall be reviewed annually.

10. Improvement Plan

10.1 The Council has in recent years made good progress in relation to managing the fraud risks faced. However, changes in the environment in which the Council operates, developments in the way the Council delivers its services and recent legal and professional guidance mean that further improvements should to be made, as set out in the attached Improvement Plan.

Sunderland City Council

Corporate Counter Fraud Strategy - Improvement Plan

1   Committing Support to Tackling Fraud

Ref	Action	Target Completion Date	Responsibility	Success Criteria
1.1	Develop and deliver a communication plan to ensure the newly adopted Counter Fraud Strategy and its implications are understood. As part of this plan Senior Managers will be briefed on the salient points of the anti-fraud and corruption arrangements and of their responsibilities.	May 2013	Audit, Risk and Assurance Manager	Communication Plan Strategy published on intranet Record of briefing sessions and presentations held
1.2	Complete the process for adopting the Council's Anti Fraud and Corruption documentation and approach within schools. Ensure appropriate anti fraud and corruption arrangements extend to partnerships	May 2013	Lead Risk and Assurance Specialist in liaison with the Executive Director of Children's Services	School anti fraud documentation published and adopted by schools after consultation with unions/head teachers

2   Assessing and understanding fraud risks

Ref	Action	Target Completion Date	Responsibility	Success Criteria
2.1	Use the CIPFA Fraud Loss Profile tool to establish the likely level of loss suffered by the Council	December 2012	Audit, Risk and Assurance Manager	Level of loss identified and reflected in anti-fraud and corruption arrangements
2.2	Update the fraud risk assessment to identify risks and key controls for each area. Ensure the assessment is updated on an ongoing basis and is used inform the counter fraud strategy and counter fraud plans and activity	Assessment updated November 2012 Fully developed by March 2013	Audit Manager	Risk assessment document. Management trail showing link between risk assessment and corporate counter fraud work plans

Ref	Action	Target Completion Date	Responsibility	Success Criteria
2.3	Perform a resilience check of the current capabilities through the NAFN resilience tool.	March 2013	Audit, Risk and Assurance Manager	Understanding of how resilient the Council's is Identification of improvement action required
2.4	Review new policies and procedures, where appropriate, to evaluate the risk of fraud and build in fraud prevention controls	Ongoing	Audit, Risk and Assurance Manager	Robust policies which protect the Council from potential fraud
2.5	Ensure an appropriate level of reporting on counter fraud activity and on the effectiveness of the Council's anti-fraud and corruption arrangements to the Audit and Governance Committee.	Ongoing	Head of Corporate Assurance and Procurement	Assurance in relation to the Council's arrangements

3   Maintaining a robust anti-fraud response

Ref	Action	Target Completion Date	Responsibility	Success Criteria
3.1	Review the developments in training and accreditation for those involved in counter fraud work and corruption, including investigation work. Carry out an assessment of skills held by the Council and plan and meet any needs.	September 2013	Audit, Risk and Assurance Manager in conjunction with Director of HR and OD	Training Plan Training needs met
3.2	Review and further develop the current partners and partnership arrangements the Council has with other organisations fighting fraud, e.g. CIFAS, NAFN etc. to enhance the anti fraud and corruption work both within and outside the Council e.g. intelligence sharing, training, investigation, benchmarking etc.	June 2013	Lead Risk and Assurance Specialist	Formal agreements where appropriate Records showing exchange of information
3.3	Ensure that the Council fraud response plan is aligned to this strategy and remains appropriate	May 2013	Head of Corporate Assurance and Procurement	Fraud response plan which is effective and is appropriately resourced
3.4	Review key systems that may be vulnerable to fraud and ensure that key fraud risks are managed effectively	Ongoing	Audit, Risk and Assurance Manager	High level of compliance with controls

4   Making better use of information technology

Ref	Action	Target Completion Date	Responsibility	Success Criteria
4.1	Further develop the network of fraud intelligence sources, improve capacity and arrangements to analyse the data held across all activities	Develop capacity and introduce improved arrangements by July 2013	Audit Manager	Reports analysing data for evidence of fraud.
4.2	Develop the use of analytical tools to analyse large amounts of data to identify potential fraud, including the use of third party specialists	July 2013	Audit, Risk and Assurance Manager	Larger amounts of data analysed leading to increased assurance

5   Enhancing fraud controls and processes

Ref	Action	Target Completion Date	Responsibility	Success Criteria
5.1	Implement a programme of compliance checks, based on the fraud risk assessment, to determine if fraud controls are being complied with and are effective	March 2013	Audit Manager	High level of assurance that fraud controls are working
5.2	Develop and implement a corporate planning methodology to ensure all counter fraud work within the Council as a whole is identified and coordinated.	July 2013	Audit Manager	Annual Corporate counter fraud work plan linked to directorate plans

6 Developing a more effective anti-fraud culture

Ref	Action	Target Completion Date	Responsibility	Success Criteria
6.1	Develop a corporate scheme for a) measuring the effectiveness of investigation work and b) monitoring the outcomes of fraud investigation work	July 2013	Audit, Risk and Assurance Manager in conjunction with Director of HR and OD	Published scheme and appropriate supporting records
6.2	Continue to improve and implement the anti fraud and corruption awareness-raising plan to Council stakeholders. This will include deterrent messages.	July 2013	Lead Risk and Assurance Specialist	Awareness aids and tools
6.3	Develop and implement appropriate arrangements to evaluate the extent to which an anti-fraud culture exists, e.g. use of Employee Attitudes Survey, number of whistle blowing allegations received, result of e – learning awareness tests , number of advice requests re fraud	September 2013	Audit, Risk and Assurance Manager in conjunction with Director of HR and OD	Results of tests, surveys, questionnaires etc.
6.4	Develop and implement measures aimed at employees which will allow intelligence to be gained as to the nature of fraud risk the Council faces and promote awareness	September 2013	Audit, Risk and Assurance Manager	Intelligence gathered from employees
6.5	Review the arrangements to allow stakeholder to report concerns re fraud and corruption promptly e.g. widen use of IT	July 2013	Lead Risk and Assurance Specialist	Published reporting arrangements

7   Prioritising fraud recovery and the use of civil sanctions

Ref	Action	Target Completion Date	Responsibility	Success Criteria
7.1	Review the Council's policy on applying appropriate sanctions and recovering the proceeds of crime	July 2013	Head of Corporate Assurance and Procurement	Published and agreed policy
7.2	Review and adopt revised procedures to monitor: a) the extent to which the application of sanctions for fraud is successful b) the recovery of losses incurred as a result of fraud or corruption including the use of civil or criminal law.	September 2013	Head of Corporate Assurance and Procurement	Results reported

8 Developing capability and capacity to punish fraudsters

Ref	Action	Target Completion Date	Responsibility	Success Criteria
8.1	Review the Council's investigation procedures and guidance to ensure they are in line with good practice, they promote value for money and they reflect the Council's revised Disciplinary Procedures. All appropriate staff should be briefed.	September 2013	Audit, Risk and Assurance Manager in conjunction with the Director of HR and OD	Published revised documents

9 Collaborate across local authorities and with law enforcement

Ref	Action	Target Completion Date	Responsibility	Success Criteria
9.1	Develop a protocol for taking parallel sanctions against fraudsters (disciplinary, civil, criminal) and for working closely with law enforcement agencies	August 2013	Head of Corporate Assurance and Procurement	Agreed protocol and working arrangements

**Sunderland City Council
Anti-Fraud and Corruption Policy**

Background

The United Kingdom public sector maintains high standards of probity and has a good reputation for protecting the public purse. Sunderland City Council shares these high standards and reputation and is committed to protecting the public funds entrusted to it so that the maximum amount of resources can be used for their intended purpose, that of providing services to the citizens of Sunderland.

Sunderland City Council currently spends approximately £700 million on the services it provides. As part of the Council's commitment to protecting public funds, and to make the most efficient and effective use of the resources it is responsible for, it is essential that the risk to the Council of financial losses due to fraud, corruption and financial impropriety are minimised. The size and nature of the Council's role and activities puts it at risk from losses due to fraudulent or corrupt activity.

Commitment

Sunderland City Council is committed to ensuring that the citizens of Sunderland have complete confidence that the affairs of the City Council are conducted in accordance with the highest standards of probity and accountability. As part of this commitment the City Council is committed to combating fraud, corruption and other financial impropriety (e.g. theft) wherever it may arise in relation to any of the Council's activities or services and, in achieving this aim, realises this involves any Councillor or Officer of the Council or member of the public or any other third party associated with the Council's activities.

Standards

The Council expects Councillors and its employees to demonstrate the highest standards of honesty, probity, openness and integrity in the discharge of their functions. This includes:

a)   compliance with appropriate legislation, Codes of Conduct, Rules of Procedure, Procurement and Financial Procedure Rules, Conditions of Service, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity,

b)   providing a corporate framework within which counter fraud arrangements will flourish, and

c)   promoting an anti fraud and corruption culture across the whole of the Council.

Likewise the Council expects that all external individuals and organisations that it deals with, e.g. suppliers, contractors, partners, bodies funded by the Council, agents for the Council, service providers, clients, customers, claimants and members of the public etc., will act with honesty and integrity and without thought or actions involving fraud, corruption or financial impropriety. In such relationships the principles outlined in this Policy must be applied. Where external third parties become aware of any fraud and corruption they should report their concerns promptly to the Council.

Implementation

The Council is committed to establishing and maintaining effective arrangements to prevent fraud, corruption and financial impropriety. The Council recognises, however, that these cannot always be prevented and so effective arrangements have been established to detect, report and investigate all incidents or situations where they are suspected.
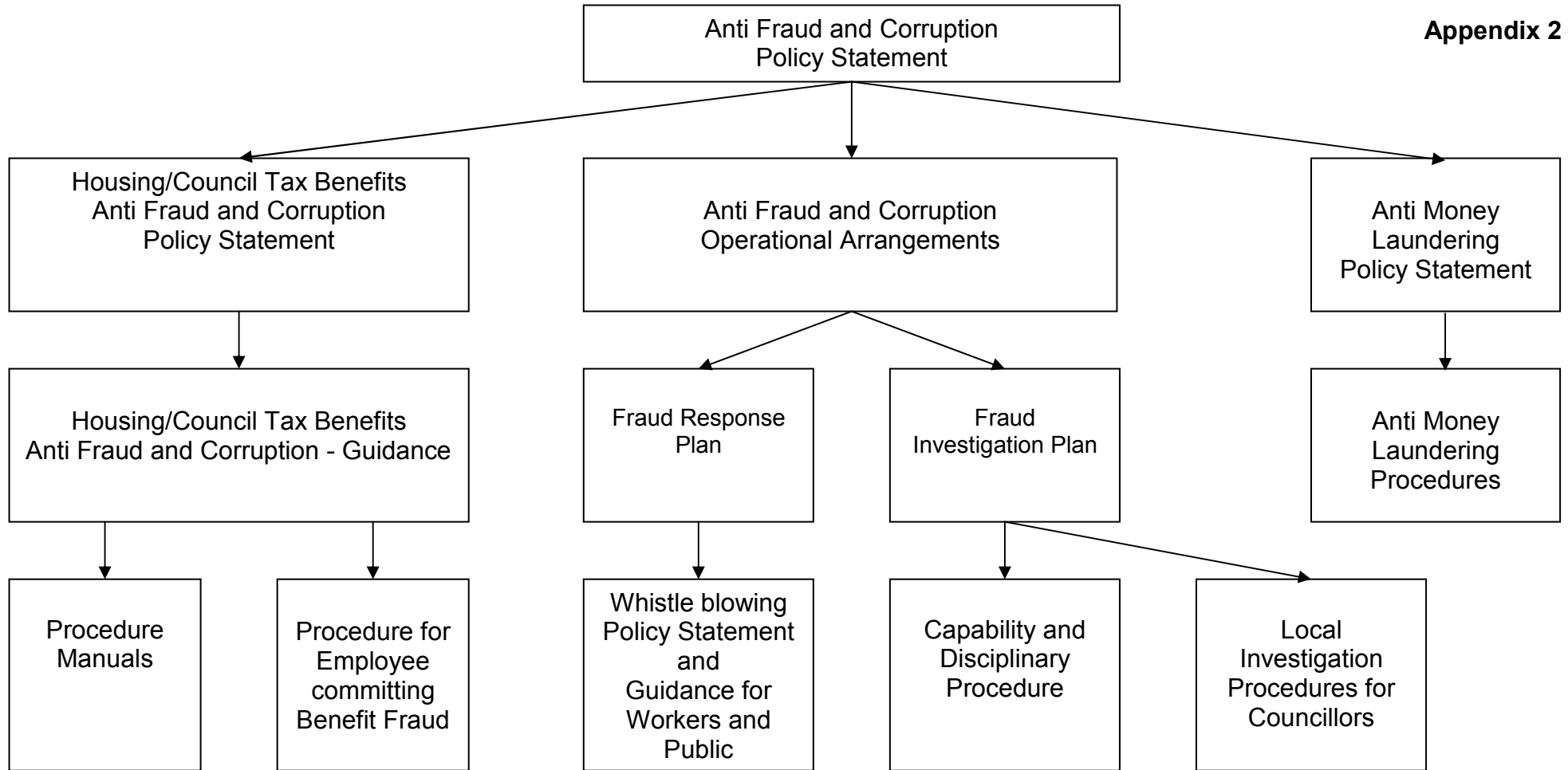
The Council is committed to creating and maintaining an anti fraud and corruption culture which promotes the highest standards of conduct and which enables Councillors, its employees and other external parties to express concerns and suspicions without fear of repercussion or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously. This includes established reporting arrangements through the Council's Whistle-blowing Policy.

The Council will not tolerate dishonesty on the part of any Councillor or its employees or any person or organisation involved in any way with the City Council. Where fraud or corruption is detected the City Council will rigorously pursue appropriate action against the persons concerned including legal and/or disciplinary action, and wherever possible and deemed appropriate, will take action to recover any losses suffered.

Awareness

The Council will seek to ensure that its stance on anti fraud and corruption is widely publicised both internally and externally to the Council. All Councillors, employees and other associated bodies/persons with whom the Council conducts its business will be appropriately briefed as to this Policy and the supporting framework.

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                    │  Anti Fraud and Corruption│
                    │     Policy Statement      │
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| Housing/Council Tax Benefits Anti Fraud and Corruption Policy Statement | Anti Fraud and Corruption Operational Arrangements | Anti Money Laundering Policy Statement |

| Housing/Council Tax Benefits Anti Fraud and Corruption - Guidance | Fraud Response Plan | Fraud Investigation Plan | Anti Money Laundering Procedures |

| Procedure Manuals | Procedure for Employee committing Benefit Fraud | Whistle blowing Policy Statement and Guidance for Workers and Public | Capability and Disciplinary Procedure | Local Investigation Procedures for Councillors |

To be most effective, the Anti Fraud and Corruption Policy and supporting arrangements need to apply within an overall culture of zero tolerance to fraud. To foster this culture the Council has also adopted a range of interrelated policies, codes and arrangements including: Codes of Conduct for both Employees and Councillors, Financial Procedure Rules, Procurement Procedure Rules, effective recruitment, selection and vetting procedures, Grievance Procedures, Harassment at Work Policy, Delegation Scheme, effective internal audit function, sound internal control systems, customer Feedback arrangements and effective induction and training.

Sunderland City Council

Anti-Fraud and Corruption Policy

Organisation and Management Arrangements
(Roles and Responsibilities)

The organisation and management of the Policy involves an element of responsibility for everyone from Councillors to individual employees. These are set out below:

1.   Councillors

a)   The City Council's Cabinet formally approve the Council's Anti-Fraud and Corruption Policy and any subsequent changes.

b)   Councillors should act as an example to others by ensuring adherence to legal requirements and internal Council regulations, e.g. codes of conduct.

c)   Councillors, where they suspect fraudulent or corrupt activity, have a duty to promptly report the matter to the Council in line with the Council Policy.

2.   Chief Executive

The Chief Executive is responsible on behalf of the Authority for ensuring that the Council's Anti Fraud and Corruption Policy is complied with at all times.

3.   Executive Director of Commercial and Corporate Services

a)   The Executive Director is responsible for ensuring that all Directors are made aware of the Anti-Fraud and Corruption Policy and of any amendments which are made to it.

b)   The Executive Director will be responsible for monitoring the effectiveness of the procedures and the periodic review of the Council's Anti Fraud and Corruption Policy and associated documentation and arrangements.

c)   The Executive Director has overall responsibility for the Council's response to fraud, corruption or financial impropriety.

4   **Directors / Chief Officers**

   a)   Each Director / Chief Officer is responsible for the implementation and operation of the Council's Anti Fraud and Corruption Policy within his/her Directorate.

   b)   Each Director / Chief Officer is responsible for implementing and maintaining an adequate system of internal control within their Directorate. This includes the responsibility for the prevention and detection of fraud, corruption and financial impropriety.

   c)   Each Director / Chief Officer shall put in place procedures to ensure that employees within the Directorate are informed of, and understand, the standards of conduct expected of them, the relevant provisions of the Council's Anti Fraud and Corruption Policy and their responsibilities in this regard.

   These procedures should include the dissemination of the relevant documentation to employees, e.g. Code of Conduct, Whistleblowing Policy, Anti Fraud and Corruption Policy, Fraud Response Plan and the maintenance of an effective induction and training programme which includes briefings regarding the documentation described.

   d)   Directors / Chief Officers should act as an example to others by ensuring adherence to legal requirements and internal Council regulations, e.g. codes of conduct.

   e)   Directors / Chief Officers are to foster a culture of openness and honesty within their respective Directorates.

5.   **Managers and First Line Supervisors**

   a)   Managers are directly responsible for the establishment, implementation and operation of the Authority's Anti Fraud and Corruption Policy within their area of responsibility.

   b)   Managers are responsible for implementing and maintaining an adequate system of internal control within their area of responsibility. This includes the responsibility for the prevention and detection of fraud, corruption and financial impropriety.

   c)   Managers should act as an example to others by ensuring adherence to legal requirements and internal Council regulations, e.g. codes of conduct, and fostering a culture of openness and honesty.

   d)   Managers should be familiar with the relevant sections of the Council's Anti Fraud and Corruption Policy and Operational Arrangements, in particular the Fraud Response Plan for Managers.

   e)   Managers should promptly report any suspicions of fraud, corruption or financial impropriety to the Executive Director of Commercial and Corporate Services via Internal Audit.

6   All Employees

a)   Employees must adhere to legal requirements, internal Council regulations, e.g. Codes of Conduct, and internal control procedures for which they are responsible.

b)   Each employee should make themselves familiar with and comply with the relevant sections of the Anti Fraud and Corruption Policy, including the Fraud Response Plan for Employees and the Council's Whistleblowing Policy.

c)   It is the responsibility of each employee to assist in the prevention and detection of fraud, corruption and financial impropriety within the Council.

d)   Where an employee suspects fraud, corruption or financial impropriety they should immediately report the matter to the Council in accordance with the provisions of the Council's Fraud Response Plan for Employees.

e)   Employees must co-operate with any investigation into allegations of fraud, corruption or financial impropriety.

f)   It is the responsibility of all employees to comply with working procedures laid down within systems and relevant Council procedures and codes of practice.