

Barnsley Metropolitan Borough Council CORPORATE ANTI-FRAUD TEAM STRATEGY 2021-2024

INTRODUCTION

The Corporate Anti-Fraud Team supports the Council in its statutory obligations under Section 151 of the Local Government Act 1972 to ensure the protection of public funds.

Minimising fraud and irregularity is vital in ensuring resources intended to provide essential services to Barnsley residents are used for that purpose. Fraud committed against the Council is a theft of taxpayers' money, can cause reputational damage for the Council, a loss of confidence amongst the public or stakeholders, and have an adverse effect on staff morale. Through effective counter-fraud measures the Council can reduce the risk of error, loss and fraud. These include arrangements to acknowledge, deter, prevent, detect, investigate and prosecute wrongdoing.

The work of the Corporate Anti-Fraud Team (CAFT) supports the protection of public funds by providing a value for money counter fraud function for the Council. The team investigates allegations of frauds and irregularities, detects frauds and identifies losses enabling the recovery of Council funds. In addition, the team supports the application of appropriate sanctions including prosecution, caution, administrative penalty and disciplinary action.

OBJECTIVES OF THE CORPORATE ANTI-FRAUD TEAM STRATEGY

This counter fraud strategy is aligned to 'Fighting Fraud & Corruption Locally' (FFCL), the Local Government Counter Fraud and Corruption Strategy for the 2020s, which provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.

The previous two FFCL strategies focused upon pillars of activity, or strategic objectives, where the Council concentrated its counter-fraud efforts. These were 'acknowledge', 'prevent' and 'pursue'. The FFCL strategy 2020 has been expanded to include two additional areas of activity that underpin tenets of those pillars; 'govern' and 'protect'.



THE STRATEGIC APPROACH

The CAFT's strategy, and work programme, is based upon the five themes: Govern, Acknowledge, Prevent, Pursue and Protect.

GOVERN

The foundation of the Strategy is that those who are charged with Governance support the activity by ensuring that there are robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

Beating fraud is everyone's business, and the Council has internal arrangements which are communicated throughout the organisation to demonstrate the culture and commitment to preventing fraud.

The Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.

Additionally, the Corporate counter fraud framework provides a whole range of high-level parts, which contribute to the Council having an effective counter-fraud strategy.



ACKNOWLEDGE

To create a counter-fraud response, an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource for tackling fraud.

The Corporate Anti-Fraud Team will follow three key workstreams that;

- seek to identify fraud risks across the organisation,
- assess fraud control activities and their effectiveness, and
- dedicate the right level of resource to investigating and detecting fraud where reported

The management teams of the Council's twelve business units will complete an annual fraud risk assessment to identify the possible frauds to which the service may be exposed to. The assessment estimates both the potential impact of a given fraud and the likelihood of it occurring.

The results of the assessments will enable the Council to better understand the fraud-threat environment in which it operates. The assessments will also be used as a tool to assist in focusing resources on the most relevant fraud risks.

Reactive referrals are often the primary source of work for the Corporate Anti-Fraud Team. It is often the alertness of the public or employees that generate these referrals and enables detection to occur.



PREVENT

Fraud can be prevented and detected by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.

The Council has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs and aims to have sound financial systems and procedures which incorporate efficient and effective internal controls.

The Council promotes an anti-fraud culture across the borough by publicising the impact of fraud on the community.

The Council's counter fraud framework encompasses all stages of the anti-fraud cycle: prevention, detection, investigation, recovery and sanction. While prevention should remain one of the most important objectives of the Strategy, it is deemed appropriate to also focus efforts on detection. In particular, by encouraging internal and external reporting of any possible case of fraud as well as proactive random verifications in some areas.



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

Whilst preventing fraud and corruption from happening in the first place is the Council's primary aim, it is essential that a robust enforcement response is available to pursue fraudsters and deter others.

The Council will always seek the strongest possible sanction against any individual or organisation that defraud or attempt to defraud the Authority. Any decision to take legal action against offenders is made per the Code for Crown Prosecutors.

A further element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an integral part of the Strategy, and action will be taken to recover losses. Where criminality has been proven then the Proceeds of Crime Act 2002 will, where appropriate, be used to recover funds.

Other methods of recovery may include, but are not confined to, civil proceedings; unlawful profit orders and compensation orders.



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.

PROTECT

The Council protects itself against serious and organised crime, helps to protect individuals from becoming victims of crime and recognises the harm that fraud can do to the community.



PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.*

ACTION AND REVIEW

An Action Plan summarising the activities required to achieve the objectives of the strategy is attached at Appendix A.

Progress against the priorities and the plan will be reported half-yearly to the Audit and Governance Committee and will be subject to continuous review.

In addition to demonstrating how we are delivering against our strategic and operational objectives the plan will also allow us to;

- adapt to emerging threats and issues and address current and future fraud risks across the Council;
- assess, analyse and report on existing and future fraud risks affecting the Council; and
- identify requirements for future counter fraud work.

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
GOVERN		
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation</p>	<p>The Council has a counter fraud framework of policies and procedures which show its commitment to fraud prevention and detection.</p>	<p>An annual review of the following key documents which form the Council's Counter Fraud Policy Framework will be undertaken:</p> <ul style="list-style-type: none"> • Corporate Anti-Fraud and Corruption Policy and Strategy; • Anti-Bribery Policy; • Prosecutions Policy; • Corporate Fraud Response Plan; • Confidential Reporting (Whistleblowing) Policy; • Anti-Money Laundering Policy <p>The reviews will ensure that the documents are updated with any legislative or regulatory changes.</p>
ACKNOWLEDGE		
<p>Accessing and understanding fraud risks</p>	<p>Fraud and corruption risks are considered as business risks and are managed as part of the organisation's risk management process.</p> <p>The CAFT will provide advice, knowledge and support to management in assessing fraud risks.</p>	<p>A Fraud Risk Assessment (FRA) has been developed with useful prompts to ensure fraud risk is both fully understood and considered by senior managers. The document includes a broad checklist of potential fraud, corruption and bribery risk areas. These have been filtered to cover all Business Units and Service Areas.</p> <p>Each fraud risk is 'scored' which then generates an overall score and a visual indication of the relevant level of fraud risk. Management's consideration of fraud risk issues will contribute to the following:-</p> <ul style="list-style-type: none"> • Raising awareness for the Annual Governance Statement process; • Contribute to the corporate risk management process and wider governance assurance framework; • Influence HR and IT use policy and guidance reviews; • Influence Financial procedures reviews; • Assist in Internal Audit work planning for proactive anti-fraud work.

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
Committing the right support and tackling fraud and corruption.	<p>There is a commitment to reduce the risk of fraud and corruption. This is demonstrated by the investment and application of resources within the Council.</p> <p>The Council utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.</p>	<p>All members of the Corporate Anti-Fraud Team are qualified Accredited Counter Fraud Specialists.</p> <p>Promote the Council's suite of counter fraud policies, procedures and e-learning using internal publicity to reinforce messages about the standards of behaviour expected from Council employees, ways to consider fraud risks and how/when to report suspicions of fraud. The aim of the training is to stop fraud at the outset.</p>
Demonstrating that it has a robust anti-fraud response	The CAFT will investigate allegations of fraud thoroughly and to the highest professional standards and, where appropriate, will seek the full range of civil, criminal and disciplinary sanctions.	Details of counter fraud activity are reported to the Audit and Governance Committee twice a year. The report includes details of assurance work, significant cases and the level of fraud loss.
Communicating the risks to those charged with Governance	The fraud risk assessments are integrated into the corporate risk management and wider governance framework.	
PREVENT		
Making the best use of information and technology	<p>Continue to use and participate in existing technological methods of fraud prevention / detection.</p> <p>Identify, and where appropriate, adopt, new technological methods of fraud prevention and detection.</p> <p>Use security and fraud analytics to protect all physical, financial and</p>	<p>Identify technology, existing information, or new information that can be used to detect or prevent fraud. Once identified, evaluate their value in detecting fraud and implement where appropriate.</p> <p>Use data analytic techniques to try and isolate suspicious transactions or trends that represent potential fraud, and to improve the results of the fraud risk assessment.</p> <p>Continue to participate in the National Fraud Initiative data matching exercise. Where possible identifying improvements either in respect of data</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
	<p>intellectual assets from misuse by internal and external threats.</p> <p>To be an active participant in the biennial National Fraud Initiative (NFI) exercise and to robustly investigate suspected cases of fraud identified through NFI.</p>	<p>supplied to the exercise or in processing the resulting data matches. Explore the use of other or new facilities provided by the National Fraud Initiative.</p>
<p>Enhancing fraud controls and processes</p>	<p>Preventing fraud through the implementation of appropriate and robust internal control measures:</p> <p>Counter fraud and corruption controls should be appropriate and robust. If they are not appropriate, time and resources will be wasted and if they are not robust, then they will be ineffective and could be bypassed. Having such controls not only deters potential fraudsters but also helps to raise the awareness of staff.</p>	<p>Review of existing controls and process connected with individual fraud investigations. Where weak controls and processes are identified recommend actions to improve the process and reduce the risk of further fraud.</p> <p>Review systems identified through the Fraud Risk Assessment process as potentially having controls and processes that are susceptible to fraud.</p> <p>The CAFT will continue to work with the Right to Buy team to conduct a detailed check into applicants who have, or are in the process of purchasing their council property in order to provide assurance that applications are genuine and bona fide.</p> <p>An audit of the Council's insurance claim handling arrangements (undertaken by an external claims handler) recommended the development of a formal counter fraud process to prevent and detect potential fraudulent claims. The CAFT will work with the Insurance Team to conduct a number of checks into submitted insurance claims in order to provide assurance that they are genuine and bona fide.</p> <p>The Principal Auditor (Corporate Anti-Fraud) is a member of the Council's Procurement Fraud Working Group. The group was formed in September 2020 in response to the MHCLG publication: 'Review into the Risks of Fraud and Corruption in Local Government Procurement'. The aim of the group is to review the Council's own 'state of health' in respect of this risk -</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
		specifically in terms of systems / processes and to identify what improvements can be made.
Developing a more effective anti-fraud culture	<p>Develop a culture which is resilient to the threats of fraud and corruption by:</p> <ul style="list-style-type: none"> • Recognising the risk of fraud and corruption and the harm it can cause to the organisation; • Ensuring the organisation is responsive to new fraud and corruption risks; • Providing visible support and resourcing for fraud awareness activity; • Supporting counter fraud and corruption training throughout the organisation and at all levels; • Ensuring that governance papers, strategies and policies include fraud and corruption risks wherever relevant. 	<p>The CAFT will conduct an annual review of the Council's counter fraud policies and will communicate them across the organisation.</p> <p>The CAFT will review and refresh the suite of corporate anti-fraud e-learning which should be mandatory for relevant groups of staff.</p>
Communicating its' activity and successes	Raise awareness of fraud and corruption both within the authority and in the community through running awareness campaigns and the publication of fraud successes in local and national media, including the use of all forms of social media.	<p>The Council publishes successful prosecutions via press releases issued via the Corporate Communications Team. This may deter some members of the community from attempting to commit fraud against the Council and will evidence the Authority's commitment to investigating fraud and corruption.</p> <p>Following positive feedback from the Council's first Fraud Awareness Week held in 2018 the CAFT will co-ordinate and lead on future publicity campaigns.</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
PURSUE		
Prioritising fraud recovery and use of civil sanctions	Demonstrate a commitment to pursuing the full range of available sanctions (criminal, civil and disciplinary) against those found to have committed fraud and seek to recover funds that have been lost or diverted through fraud.	<p>The CAFT will continue to pursue the use of a wide range of possible corrective actions, including:</p> <ul style="list-style-type: none"> • Disciplinary action, including liaison with, and referrals to, professional bodies; • Civil action used to recover lost assets and investigation expenses; • Criminal action, including the prosecution of offenders and the recovery of lost assets using the Proceeds of Crime Act.
Developing capability and capacity to punish offenders	The Council will be 'tough on fraudsters' by punishing them more efficiently and effectively.	
Collaborating across departmental, geographical and sectoral boundaries	Working with internal colleagues, other local authorities and external agencies by sharing skills and learning, good practice and information.	<p>The CAFT:</p> <ul style="list-style-type: none"> • Have joint working protocols with the DWP to pursue council tax support and welfare benefit irregularities; • Have a protocol with South Yorkshire Police; • Will lead the Council's annual Fraud Awareness Week which includes joint working with other Council departments and Berneslai Homes; • Will explore ways of reporting and improving the function through benchmarking and trend analysis; • Will continue to liaise with the Cabinet Office (National Fraud Initiative) and National Anti-Fraud Network (NAFN) to detect fraud and share fraud/scam intelligence,
Learning lessons and closing the gaps	Use information identified during investigations, which relate to poor controls and therefore enabled the fraud, to prevent further losses.	<p>CAFT investigation reports include recommendations to address weak system controls. Details of control weaknesses are also shared with Internal Audit (to consider for future audit plans) and will be acknowledged on the Business Unit Fraud Risk Assessment.</p>
PROTECT		
Recognising the harm that fraud can cause in the community	The CAFT will work with Council colleagues and other agencies to	The CAFT will work with Council colleagues and other agencies to help them prevent and detect fraud at the earliest opportunity.

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
Protecting itself and its' residents from fraud	<p>help them prevent and detect fraud at the earliest opportunity.</p> <p>To provide support and guidance across the community to help residents and other stakeholders protect themselves against fraud and advice on how to refer their concerns to appropriate bodies when fraud occurs.</p>	<p>To provide support and guidance across the community to help residents and other stakeholders protect themselves against fraud and advice on how to refer their concerns to appropriate bodies when fraud occurs.</p>