

Appendix 1

WIRRAL COUNCIL

**COUNTER-FRAUD
AND
CORRUPTION STRATEGY**

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1. Foreword

This document sets out Wirral Council's strategy which outlines the principles that Wirral Council is committed to in preventing and reporting fraud and corruption. It has the full support of Members and Chief Officers.

The size and nature of Wirral Council's services mean that there is an ever present risk of loss due to fraud and corruption, from both internal and external sources. By putting in place effective measures to counter the risk of fraud and corruption Wirral Council can reduce losses which undermine standards of service and reduce the resources available for the good of the whole community.

Members and employees have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and by promptly identifying and reporting potential instances for investigation.

Good corporate governance and stewardship of the public funds and assets which are administered by Wirral Council are crucial to the successful delivery of the corporate strategic aims.

High ethical standards are an integral part of good governance and can lead to increased public confidence in local democracy. In promoting good governance standards Wirral Council aims to create an anti-fraud culture and environment to deter those who may commit fraudulent and corrupt acts and encourage those who suspect such activity to report it promptly.

Wirral Council therefore, expects the highest standard of probity, propriety and conduct from Members and employees. This includes the requirement of those concerned to act lawfully and to comply at all times with Wirral Council's policies, regulations and procedures.

Wirral Council also expects the same level of commitment from all outside individuals and organisations, including partners, contractors and customers, ensuring that they act towards Wirral Council with honesty and integrity.

Wirral Council is determined to protect itself from fraud and corruption and will seek to prevent fraud and corruption in all areas of its activities. Where any instances are discovered, Wirral Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

Signed:

Leader of the Council

Signed:

Chief Executive

2. Introduction

2.1 Wirral Council (hereafter referred to as the Council) has the responsibility of protecting the public purse. In order to meet this responsibility the Council is committed to maintaining an effective Counter-Fraud and Corruption Strategy which follows the principles contained in the Code of Practice on Managing the Risk of Fraud and Corruption, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). With this in mind the Council aims to:

- Ensure all employees and Members are aware of their individual and collective responsibilities relating to the prevention and detection of fraud and corruption;
- Continually review and assess its fraud and corruption risks and implement actions to minimise the likelihood of them materialising;
- Discourage and prevent incidents of fraud and corruption from occurring, particularly in the areas of greatest risk;
- Promote and enhance detection routines to identify any incidents that do occur;
- Investigate and respond effectively to minimise the impact of any suspected or identified incidents of fraud or corruption affecting the Council;
- Strengthen any weaknesses in control systems identified from the investigative process to prevent any recurrence of the situation;
- Take the strongest possible action against proven perpetrators of fraud or corruption, including offences committed by employees, taking account of the circumstances of each case;
- Recover any identified losses stemming from confirmed cases of fraud or corruption in addition to any associated investigation costs.

2.2 It is the responsibility of Chief Officers to communicate this Counter-Fraud and Corruption Strategy to all managers and employees and to promote greater awareness of the risk of fraud and corruption within their Directorates.

3. Legal Definition

3.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:

- Fraud by false representation:
A person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by failing to disclose information:
A person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by abuse of position:
A person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another

person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.

There are further subheadings of fraud described, including possession of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business and or obtaining services dishonestly.

3.2 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

4. Corporate Framework and Culture

4.1 The Council has a range of interrelated policies and procedures that provide a corporate framework to help counter any fraudulent or corrupt activity. These have been formulated in line with the appropriate legislative requirements and professional best practice and include:

- Code of Conduct for members and employees
- “Whistleblowing” Policy and Complaints Procedures
- Fraud Awareness and Training
- Disciplinary Policy
- Effective Recruitment and Selection procedures
- Financial Regulations & Contract Procedural Rules
- Anti- Money Laundering Policy
- Anti-Fraud and Corruption Policy
- Fraud Response Plan
- Anti-Bribery Policy
- Information Security Policy
- Gifts and Hospitality Policy and Register
- Conflicts of Interest Policy and Register
- Cyber Fraud guidance
- Robust internal controls systems

4.2 The Council also has an effective Internal Audit Service, Corporate Fraud Team and Fraud and Compliance Team that assists the corporate framework to help counter any fraudulent activity.

4.3 The Council believes the best defence against fraud and corruption is to create a strong anti-fraud culture within the organisation and that a culture of honest and openness is a key element in tackling fraud and corruption. The codes of conduct for members and employees are based upon the Nolan principles of Standards in Public Life, namely:

- Selflessness – you must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family, or friends.
- Integrity – you should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

- Objectivity – you must make choices on merit when making decision on appointments, contracts, or recommending rewards and benefits for individuals.
- Accountability – you are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
- Openness – you should be as open as possible about all decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands
- Honesty – you have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in the way that protects the public interest.
- Leadership – you should promote and support these principles by leadership and example.

4.4 The Council expects all of its employees and members to comply with the seven principles of public life in all of its activities and to embrace these principles as the cornerstone of its Counter-Fraud and Corruption Strategy.

5. Prevention and Deterrence

5.1 An effective internal control system is a vital factor in helping to prevent fraud and corruption. The internal control system comprises the whole range of financial, operational and managerial systems and procedures established within the Council to ensure its objectives are achieved in an effective and efficient manner.

5.2 It is management's responsibility to establish sound systems of internal control designed to reduce the risk posed by fraud and corruption within service areas. To this end, Internal Audit endeavours to provide appropriate advice to managers to ensure they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work.

5.3 When delivering the Internal Audit Plan to the Council, Internal Audit has the key function of monitoring the effectiveness of internal controls in operation. The Internal Audit Plan includes a programme of work based on key risk areas as identified under the Council's risk management arrangements. This programme of work is not restricted solely to the investigation of detected fraud but also includes anti-fraud assurance work intended to deter and prevent fraud.

5.4 The Internal Audit Plan also includes fraud risk identification and assessment work which forms part of the Council's strategic risk management process.

5.5 The Council will continue to identify and assess fraud and corruption risks by:

- Increasing the understanding of potential for fraud and corruption in each Directorate.
- Undertaking detailed risk assessments of those specific areas potentially at risk of fraud and corruption.

- 5.6 The Council will seek to deter potential fraudsters from committing or attempting to commit fraudulent or corrupt acts by:
- Deploying robust systems of internal control, to mitigate the opportunity for fraud and corruption.
 - Publicising the fact that the Council will not tolerate fraud and corruption, demonstrated by this Counter-Fraud and Corruption Strategy and the Whistleblowing Policy.
 - Acting robustly and decisively when fraud or corruption is suspected and proven.
 - Taking action to effect the maximum recoveries for the Council, engaging with the Press and Public relations media, to optimise the publicity opportunities associated with anti-fraud and corruption activity within the the Council. Where appropriate, the results of any action taken, including prosecutions, will be reported in the media.
- 5.7 The Council does not act in isolation to counter fraud and corruption. Links have been established with a number of external agencies, including:
- National Anti-Fraud Network
 - The Police
 - CIPFA Better Governance Forum and Counter Fraud Centre
 - Networks of Heads of Internal Audit
 - External Audit
 - Mersey Region Fraud Group
 - Cabinet Office
 - External Audit
 - HM Immigration Office
 - Department for Work and Pensions
 - HM Revenues and Customs
- 5.8 As technologies develop, there is an ever increasing need to take advantage of the processing and analysis of data stored throughout the Council and beyond. This enables the information and intelligence to be generated, which is a recognised means of detecting and preventing fraud and corruption.
- 5.9 The Council is committed to exchanging information with other local and national agencies; activities such as these are carried out in full compliance with the Data Protection Act 1998 and with the codes of practice for National Fraud Initiative data matching exercises and includes provision of information to other agencies for data matching purposes.

6. Detection and Investigation

6.1 The Council will continue to detect fraud and corruption by:

- Exchanging data with external parties such as other local authorities and other public bodies in line with the requirements of the Data Protection Act.
- Participating in the Cabinet Office' biennial National Fraud Initiative data matching exercise.
- Undertaking proactive anti-fraud audits in areas of known fraud risk and having regard to the possibility of fraud and corruption in all Internal Audit reviews.
- Encouraging Members, employees, members of the public and those we work in partnership with the Council to report allegations of fraud and corruption.

6.2 It is the responsibility of Chief Officers and managers to maintain good control systems and procedures, and ensure that all employees comply with such instructions.

6.3 When information relating to alleged fraud or corruption is obtained it is reviewed and subject to a risk assessment. Some allegations are followed up with a full investigation; others are better dealt with as management issues. Where appropriate managers shall:

- Report allegations to Internal Audit.
- Report allegations promptly and follow any guidance given.
- Where appropriate, contact other agencies, e.g. the Police.

6.4 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with:

- Senior Managers
- Human Resources
- Legal Services
- Other agencies, such as the Police and the Department for work and Pensions

This is to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

6.5 The Council's External Auditor also has powers to independently investigate fraud and corruption.

6.6 The Council is committed to pursuing all possible sanctions for proven cases of fraud and corruption. The Council's Anti-Fraud and Corruption Policy and Response Plan will be adhered to regarding the appropriate level of investigation of suspected cases. The Council is committed to pursuing disciplinary, criminal and civil sanctions where there is evidence to support the occurrence of fraud and corruption. These sanctions will be sought pursuant to the Council's Anti-Fraud and Corruption Policy and Response Plan.

- 6.7 The Council is committed to seeking to minimise any potential loss due to fraud and corruption. In all cases of suspected fraud and corruption the Council will take action to minimise the risk of further loss. In all cases of proven fraud and corruption the Council will take action where it is available to seek to recover any funds lost due to fraud. The provisions of the Council's Anti-Fraud and Corruption Policy and Fraud Response Plan will be adhered to in all instances.
- 6.8 Where fraud or corruption has occurred, management will need to take action to ensure that any control weaknesses which provided the opportunity for this are addressed. Any lessons learnt will be disseminated to relevant staff.

7. Training and Awareness

- 7.1 The Council recognises that the continuing success of its Counter-Fraud and Corruption Strategy will depend largely on the effectiveness of training, communication and responsiveness of employees throughout the organisation.
- 7.2 To facilitate this, the Council is committed to ensuring employees and Members are aware of their responsibilities with regard to preventing fraud and corruption. To this end, the Council will ensure that there is an on-going training programme regarding measures to minimise the risk of fraud and corruption.
- 7.3 The Council also recognises that the organisation is exposed to risk from external partners and suppliers and that the reporting of malpractice can be in relation to third parties working for or on behalf of the Council. To this end, the Council will ensure there is an on-going programme of awareness to ensure external partners and suppliers are aware of the Council's commitment to protect its funds against fraud and corruption.
- 7.4 The review of the Council's internal control systems and the investigation of corporate fraud and corruption centres on Internal Audit, apart from the investigation of fraud related to those services delivered by Assessments and Revenues which rests with the Fraud and Compliance Team. Officers' working to counter fraud and corruption are professionally accredited and keep abreast of new developments and legislation by regularly attending relevant training courses.

8. Summary

- 8.1 The Counter-Fraud and Corruption Strategy provides a framework for preventing and tackling fraudulent and corrupt acts against the Council. The approval of the Strategy by the Audit and Risk Management Committee, on behalf of Wirral Council, demonstrates the Council's commitment to the protection of public funds and the minimising of losses.
- 8.2 Having made this commitment it is imperative that arrangements for the circulation of this strategy and promoting fraud awareness across the Council are maintained.
- 8.3 Wirral Council is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond and make changes to its Counter-Fraud and Corruption strategy.

9. Review

- 9.1 Regular reports on any activity relating to this Strategy, and progress against the fraud self-assessment action plan, will be provided to the Audit and Risk Management Committee.
- 9.2 Internal Audit will ensure that this Strategy is subject to regular review, to ensure its accuracy, and to ensure that the Strategy is being successfully delivered. The success of the Strategy will be measured by the extent to which:
- Fraud is minimised, particularly within the areas that Councils are deemed most at risk from fraud and corruption.
 - Proven cases of fraud, corruption or other irregularity are subject to the severest sanctions being imposed, depending on the circumstances of each case.
 - Proven cases involving employees are dealt with through the Council's disciplinary process.
 - Any identified losses are recovered and where appropriate a financial investigation will be conducted in line with the Proceeds of Crime Act 2002.
 - Successful prosecutions and disciplinary hearings are publicised, taking account of any restrictions on reporting.
 - Employees and members are provided with training and are aware of their anti-fraud and corruption responsibilities.
- 9.3 An annual report will be provided to the Audit and Risk Management Committee on performance against the Strategy and the effectiveness of the Strategy. Conclusions will also be featured in the Annual Governance Statement.

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