

Self Assessment against CIPFA Red Book

Appendix A

Adopting the Right Strategy				
Ref	Key Areas identified by CIPFA	Arrangements Currently in Place	Identified Task(s)	Target date
1	Does the organisation have a counter fraud and corruption strategy that can be clearly linked to the organisation's overall strategic objectives?	Yes. An Anti-Fraud and Corruption Strategy adopted in April 2011.	Anti-Fraud and Corruption to be reviewed in June 2012 for presentation to the Governance and Sudit Committee in July 2012.	31/07/2012
2	Is there a clear remit 'to reduce losses to fraud and corruption to an absolute minimum' covering all areas of fraud and corruption affecting the organisation	As above.	As above.	31/07/2012
3	Are there effective links between 'policy' work (to develop an anti-fraud and corruption and 'zero tolerance' culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and 'operational' work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where it is found)?	Yes. The Counter Fraud Manager actively reviews policies and has recommended changes where appropriate to reduce the risk of fraud or enhance detection and support investigations.	N/A	N/A
4	Is a full range of action (anti-fraud culture, deterrence, prevention, detection, investigation, sanction and redress) being taken forward or does the organisation 'pick and choose'?	Yes a full range of actions is taken forward. The Internal Audit 2012/13 plan includes proactive and reactive fraud work in key risk areas.	Deliver the Internal Audit plan.	31/03/2013
5	Does the organisation focus on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc.)?	Yes the Internal Audit 2012/13 plan includes work designed to identify and reduce the Council's risk to fraud as well as investigate suspected fraud.	Deliver the Internal Audit plan.	31/03/2013

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6	Has the strategy been directly agreed by those with political and executive authority for the organisation?	Yes. The current Anti-Fraud and Corruption Strategy is owned by the Corporate Director of Finance and Procurement and was agreed at the Governance and Audit Committee in April 2011.	N/A	N/A
Accurately Identifying the Risks				
7	Are fraud and corruption risks considered as part of the organisation's strategic risk management arrangements?	Yes KCC does consider fraud risks at a strategic level however the arrangements need to be formalised.	Annual fraud risk assessment to be completed by the Counter Fraud Manager. In addition, the Counter Fraud Manager will promote the inclusion of fraud risks in the organisation's risk management arrangements.	31/03/2013
8	Is the organisation seeking to identify accurately the nature and scale of losses to fraud and corruption?	Yes. KCC accurately identifies losses to fraud on an individual basis but needs to develop arrangements to measure authority wide fraud risks.	A fraud loss measurement exercise to be conducted by the Counter Fraud Manager. This work will be targeted in areas identified most at risk to fraud.	31/03/2013
9	Does the organisation use accurate estimates of losses to make informed judgements about levels of budgetary investment in work to counter fraud and corruption?	Yes KCC does target its resources at areas likely to be susceptible to fraud based on the analysis of previous referrals and wider knowledge/research.	Future activity will be based on the fraud risk analysis and loss measurement exercises identified above (7 & 8). These will be focussed in the areas identified as most at risk.	31/03/2013
Creating and Maintaining a Strong Structure				
10	Do those tasked with countering fraud and corruption have the appropriate authority needed to pursue their remit effectively, linked to the organisation's anti fraud and corruption strategy?	Yes the internal audit function and therefore counter fraud staff have delegated authority within the Financial Regulations. However, outside of the authority the counter fraud staff powers are limited.	Support the National Fraud Authority in encouraging government to extend the authority and powers of local government corporate fraud officers.	Ongoing
11	Is there strong political and executive support for work to anti fraud and corruption?	Yes the Anti-Fraud and Corruption Strategy is owned by the Corporate Director of Finance and Procurement and was agreed at the Governance and Audit Committee in April 2011.	N/A	N/A

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12	Is there a level of financial investment in work for anti fraud and corruption that is proportionate to the risk that has been identified?	Yes KCC has recruited a Counter Fraud Manager and is currently recruiting a Senior Counter Fraud Officer. In addition, Internal Audit are able to provide additional resources when required.	Recruit a suitable qualified and experienced Senior Counter Fraud Officer.	31/08/2012
13	Are all those working to anti fraud and corruption professionally trained and accredited for their role?	Yes the Counter Fraud Manager is a Certified Counter Fraud Specialist. A similar qualification will be required for the Counter Fraud Officer.	As above.	31/08/2012
14	Do those employees who are trained and accredited formally review their skills base and attend regular refresher courses to ensure they are abreast of new developments and legislation?	Yes KCC has a personal development process that assists individuals in identify skills gaps and is supportive of continuing professional development.	N/A	N/A
15	Are all those working in anti fraud and corruption undertaking this work in accordance with a clear ethical framework and standards of personal conduct?	Yes Counter fraud staff are covered by KCC standards of conduct.	N/A	N/A
16	Is an effective propriety checking process: (a) implemented by appropriately trained staff? (b) in place that includes appropriate action where individuals fail the check?	Partial. Internal Audit have completed an audit of propriety checking and given limited assurance. Recommendations have been made to encourage improvements.	Internal audit to follow up recommendations and report progress to the Governance and Audit Committee.	30/11/2012
17	Does the organisation regularly review its propriety checking and are random checks carried out to ensure that it is implemented?	Partial. Internal Audit have completed an audit of propriety checking and given limited assurance. Recommendations have been made to ensure improvements.	As above.	30/11/2012
18	Are there framework agreements in place to work with other organisations and agencies?	Partially. Informal agreements are in place to work with other local authorities, the NHS and Kent Police.	The Counter Fraud Manager will identify and contact key stakeholders and enter into appropriate framework agreements, memoranda of understanding and/or service level agreements.	31/03/2013
19	Are the framework agreements focused on the practicalities of common work?	As above.	As above.	31/03/2013
20	Are there regular meetings to implement and update these arrangements?	As above.	As above.	31/03/2013

Taking Action to Tackle the Problem - Culture				
21	Does the organisation have a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture (including strong arrangements to facilitate whistleblowing)?	Yes the 2012/13 Internal Audit plan includes fraud awareness work which will include fraud awareness presentations, intranet and extranet information, newsletter articles and online training. The council has a Whistleblowing Procedure in place.	Deliver the Internal Audit Plan.	31/03/2013
22	Are there clear goals for this work (to maximize the percentage of staff and public who recognise their responsibilities to protect the organisation and its resources)?	Partial. The Anti Fraud and Corruption strategy includes a clear remit to promote a strong anti-fraud culture but no specific targets have been set in relation to percentages of staff.	A baseline staff survey will be undertaken to assess the current level of fraud awareness and strength of culture. This will be repeated at least every two years. After the baseline has been identified a percentage increase target could be set. The results will be reported to the Governance and Audit Committee.	31/03/2013
23	Is this programme of work being effectively implemented?	Partial. Progress and the effectiveness of counter fraud work is regularly monitored and findings are presented to the Governance and Audit Committee annually	As above.	31/03/2013
24	Are there arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout the organisation?	As above (22).	As at (22) a staff survey will be undertaken to assess the level of awareness. The results will be reported to the Governance and Audit Committee.	31/03/2013
25	Are agreements in place with stakeholder representatives to work together to counter fraud and corruption?	As above (18).	As above (18).	30/06/2012
26	Have arrangements been made to ensure that stakeholder representatives benefit from successful counter fraud and corruption work?	as above (18).	When appropriate, the Counter Fraud Manager will work with stakeholders to ensure they maximise the benefit of partnership working with KCC.	N/A
27	Does the organisation have a clear programme of work attempting to create a strong deterrent effect?	as above (21).	As above (21).	31/03/2013

Tacking Action to Tackle the Problem - Deterrence				
28	Does the organisation have a clear programme of work to publicise the hostility of the honest majority to fraud and corruption; effectiveness of preventative arrangements; sophistication of arrangements to detect fraud and corruption; professionalism of those investigating fraud and corruption and their ability to uncover evidence; likelihood of proportionate sanctions being applied; and the likelihood of losses being recovered?	As above (21).	As above (21).	31/03/2013
29	Has the organisation successfully publicised work in this area?	Yes counter fraud work has been publicised internally and in the general media.	N/A	
30	Has the publicity been targeted at the areas of greatest fraud losses?	No. The publicity has been authority wide or in the public domain.	Whenever possible publicity will be targeted at the areas of greatest loss.	Ongoing
Tacking Action to Tackle the Problem - Prevention				
31	Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?	Yes both proactively and at the conclusion of investigations the Counter Fraud Manager reviews policies and procedures and recommends amendments to remove any identified weaknesses, promote detection and support investigation. Any recommendations made are reported to the Governance and Audit Committee.	N/A	Ongoing
32	Do concluding reports on investigations include a specific section on identified policy and systems weaknesses that allowed the fraud and corruption to take place?	As above (31).	As above (31).	31/03/2013

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33	Is there a system for considering and prioritising action to remove these identified weaknesses?	Yes. As part of Internal Audit all recommendations arising from fraud investigations will adopt the same priority and monitoring process as for other recommendations.	N/A	N/A
Taking Action to Tackle the Problem - Detection				
34	Are there effective 'whistleblowing' arrangements in place?	Yes. The whistleblowing procedure has been reviewed and HR are incorporating recommendations made by the Counter Fraud Manager.	Follow up recommendations and report progress to the Governance and Audit Committee.	31/03/2013
35	Are analytical intelligence techniques used to identify potential fraud and corruption?	Yes KCC takes an active part in the Audit Commission's National Fraud Initiative. In addition, the Counter Fraud Manager has analysed the fraud referrals received in the last two years. The results were used to inform the 2012/13 Internal Audit plan.	N/A	N/A
36	Are there effective arrangements for collating, sharing and analysing intelligence?	Partial. Referral information is recorded and provides some opportunity for analysis.	The current records need to be enhanced with greater detail to provide more opportunities for analysis.	31/03/2013
37	Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?	All staff are required to report fraud and irregularities to the Head of Internal Audit.	N/A	N/A
38	Are arrangements in place to ensure that identified potential cases are promptly and appropriately investigated?	Yes KCC has recruited a Counter Fraud Manager and is currently recruiting a Senior Counter Fraud Officer. In addition, Internal Audit are able to provide additional resources when required.	Recruit a suitably qualified and experienced Senior Counter Fraud Officer.	31/08/2012
39	Are proactive exercises undertaken in key areas of fraud risk or known systems weaknesses?	Yes the 2012/13 Internal Audit plan includes proactive exercises in key areas of risk.	Deliver the Internal Audit Plan.	31/03/2013

Tacking Action to Tackle the Problem - Investigation				
40	Is the organisation's investigation work effective?	Yes. Investigations are completed in a timely fashion and adhere to KCC policy and procedures.	Once fully implemented the Quality Assurance process within Internal Audit will include investigations which will be evaluated for their timeliness, adherence to policy and legislation as well as outcomes. This will include seeking feedback from witnesses and management involved in the investigation.	31/03/2013
41	Is it carried out in accordance with clear guidance?	As above.	The Counter Fraud Manager will draft an investigation section for the Internal Audit Manual, which will provide clear guidance and set appropriate standards that will subsequently be subject to quality and assurance processes.	31/03/2013
42	Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?	Partial. Counter fraud officers have sufficient powers within the organisation, however, their powers are limited by law outside of KCC.	Support the National Fraud Authority in encouraging government to extend the authority and powers of local government corporate fraud officers.	31/03/2013
43	Are referrals handled and investigations undertaken in a timely manner?	Yes. Investigations are completed in a timely fashion and adhere to KCC policy and procedures.	Once fully implemented the Quality Assurance process within Internal Audit will include investigations which will be evaluated for their timeliness, adherence to policy and legislation as well as outcomes. This will include seeking feedback from witnesses and management involved in the investigation.	31/03/2013
44	Does the organisation have arrangements in place for assessing the effectiveness of investigations?	No.	Once fully implemented the Quality Assurance process within Internal Audit will include investigations which will be evaluated for their timeliness, adherence to policy and legislation as well as outcomes. This will include seeking feedback from witnesses and management involved in the investigation.	31/03/2013

Taking Action to Tackle the Problem - Sanctions				
45	Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?	Partial. There is a clear and consistent policy for the application of disciplinary sanctions, but there is limited policy in relation to criminal sanctions.	The Counter Fraud Manager will amend the Anti-Fraud and Corruption strategy and agree a policy on the application of sanctions for proven cases of fraud that will include criminal, civil, disciplinary and professional sanctions.	31/07/2012
46	Are all possible sanctions – disciplinary / regulatory, civil and criminal - considered?	Yes. However, criminal sanctions are limited to referral to the police.	As above (45).	31/03/2013
47	Does the consideration of appropriate sanctions take place at the end of the investigation when all the evidence is available?	Yes.	As above (45 & 41) the sanctions policy and investigation manual will make it clear that all available sanctions will be considered throughout the course of an investigation.	31/03/2013
48	Does the organisation monitor the extent to which the application of sanctions is successful?	Yes. The outcomes of cases are reported to the Governance and Audit Committee.	As above (45 & 15) the sanctions policy and investigation manual will include a requirement to monitor the application of sanctions to ensure they are consistent. The results of this monitoring will be reported at least annually to the Governance and Audit Committee.	31/03/2013
49	Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?	Yes the anti-Fraud and Corruption Strategy stipulates that KCC will recover losses incurred by fraud and corruption.	N/A	N/A
Taking Action to Tackle the Problem - Redress				
50	Is the organisation effective in recovering any losses incurred by fraud and corruption?	Yes. KCC has recovered losses to fraud and corruption.	As at (41) the investigation manual will include a requirement for the recovery of losses to be monitored. The results of this monitoring will be reported at least annually to the Governance and Audit Committee. In addition, the Internal Audit Quality Assurance process will evaluate the effectiveness of recovery.	31/03/2013

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51	Does the organisation use the criminal and civil law to the full in recovering losses?	Yes KCC will use criminal and civil law to recover its losses when the opportunity arises.	N/A	
52	Does the organisation monitor proceedings for the recovery of losses?	As above.	As at (50).	31/03/2013
53	What is the organisation's successful recovery rate?	As above.	As at (50).	31/03/2013
Defining Success				
54	Are there clear outcomes described for work to counter fraud and corruption?	No.	The Counter Fraud Manager will agree key performance indicators with the Head of Internal Audit and the Governance and Audit Committee.	31/03/2013
55	Do the desired outcomes relate to the actual sums lost to and harm caused by fraud and corruption?	No.	As above (54).	31/03/2013