

Appendix B – Fighting Fraud and Corruption Locally Strategy Checklist (Appendix 1 & 2 from the FFCL document)

Senior Stakeholders	Checklist Requirement	Counter Fraud Lead Assessment
Head of Paid Services	<p>Ensure that your authority is measuring itself against the checklist for FFCL</p> <p>Is there a trained counter fraud resource in your organisation or do you have access to one?</p> <p>Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?</p>	<p>CMT Report presented the outcome and actions required to be completed, which will be reported further to the Governance and Audit Committee</p> <p>Yes – Four Accredited Counter Fraud Specialists in post to support the organisation, have recruited a fifth person into an AFCS role, with support from an ACFS Apprentice.</p> <p>Standalone Counter Fraud Report sent to G&A committee which covers the work leading on fraud, external audit present at meetings and has access to Counter Fraud Report as a publicly available document.</p>
Section 151 Officer	<p>Is there a portfolio holder who has fraud within their remit?</p> <p>Is the head of internal audit or counter fraud assessing resources and capability?</p> <p>Do they have sufficient internal unfettered access?</p> <p>Do they produce a report on activity, success and future plans and are they measured on this?</p>	<p>Yes – Leader of the Council has Internal Audit & Counter Fraud within their portfolio as per the Constitution.</p> <p>Yes – a review of resources in 2019/20 identified the need to increase resources due to the increasing risk of fraud being committed against KCC and its trading companies.</p> <p>Yes – However there has been some relevant challenge on access by business units to ensure they are compliant with Data Protection Requirements.</p> <p>Reported via G&A Committee which is issued to CMT, this covered current activity, successes and future plans.</p> <p>However, we welcome feedback from both CMT and G&A to ensure that there is external challenge.</p>

<p>The Monitoring Officer</p>	<p>Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?</p> <p>Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?</p>	<p>Yes – Covered in the Counter Fraud Report, training provided to Nov G&A prior to the meeting, covering what fraud is, what are the risks and how we are managing those risks.</p> <p>Yes – Internal Audit and Counter Fraud report directly to Leader of the Council in order to maintain independence.</p>
<p>The Audit Committee</p>	<p>Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work</p> <p>Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured</p> <p>Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud</p> <p>Should support proactive counter fraud activity</p> <p>Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.</p>	<p>Yes – Receives a report at every G&A meeting to keep the Committee informed of proactive and reactive work.</p> <p>Yes – statistical information included within the report that measures the fraud risks facing the authority and how resources are allocated, however this may not be as clear as it should be.</p> <p>No – This needs to be established and included in the Counter Fraud Report, will need to enhance the relationship management approach with the Portfolio Holder to ensure there is communication with them on the Counter Fraud activity.</p> <p>Yes – Comments and feedback during G&A Committee has been to challenge and support the Counter Fraud Team on their activity.</p> <p>Questions and comments received from G&A Committee on the Counter Fraud Report, which includes this review.</p>
<p>The Portfolio Lead</p>	<p><i>Receives a regular report that includes information, progress and barriers on:</i> The assessment against the FFCL checklist Fraud risk assessment and horizon scanning.</p>	<p>No – Portfolio Lead to be provided of all future Counter Fraud Reports that are going to CMT & G&A Committee.</p> <p>Action – Ensure Portfolio lead is included in all Counter Fraud Reports and briefed accordingly.</p>

FFCL Check list requirements	Counter Fraud Lead Response
<p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>Fraud and Corruption risk at a strategic level has been assessed and is reviewed regularly by CMT via the risk management process.</p> <p>Directorate/ Divisional Fraud, Bribery & Corruption risk assessments are within the fraud action plan to embed these across the authority within the risk management framework during 2020/21.</p> <p>Counter Fraud Action plan is in place and is reported to CMT and G&A however this has been delayed to June/ July due to COVID-19.</p>
<p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.</p>	<p>Currently the strategic fraud risk has not been updated with the harm that fraud does to the community, this has been raised with the Risk Manager to update the strategic risk.</p> <p>Directorate/ Divisional fraud risk assessments are in progress and are part of the Counter Fraud Plan for 2020/21.</p> <p>Horizon scanning occurs as BAU, with national information obtained from NAFN, CIFAS, Action Fraud, CIPFA.</p> <p>Local liaisons also occur via the Kent Investigating Officers Group and the Southern County Council fraud hub to assess trends at a local level.</p> <p>This activity is captured in the Counter Fraud Action Plan.</p>
<p>There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.</p>	<p>As part of the G&A report this will include the outcome of the review against the checklist.</p>
<p>The relevant portfolio holder has been briefed on the fraud risks and mitigation</p>	<p>This has not occurred</p> <p>Action – To include the Fraud Action Plan to ensure the portfolio holder is briefed on the fraud risks and mitigation.</p>

The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources

Terms of Reference for the Governance and Audit Committee covers the requirement for them to ensure that the level of activity is appropriate in terms of fraud risk and resources.

There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.

Revised Anti-Fraud and Corruption strategy in being present to CMT and G&A for review, once done policy will be updated and added to KCC policy library. However, need to establish communication strategy for wider distribution to management.

The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

KCC Values and Kent Code are designed to ensure staff act in the best interests of KCC ahead of personal interests.

The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.

Partly – Further work on embedding fraud risks across KCC continues through the 2020/21 action plan.

Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.

Partly – Within the report to CMT there will be a need to strengthen this approach within the strategy that requires new policies, strategies and initiatives to consult with Counter Fraud

Successful cases of proven fraud/corruption are routinely publicised to raise awareness.

Yes – When prosecutions occur press releases are prepared and issued via the Press Office.

The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for

Within the financial regulations there is a requirement for all staff to report financial irregularities to Internal Audit, the Counter Fraud Team monitor these and report up to G&A. This has identified key risk areas for KCC which then feeds into the Counter Fraud Action Plan.

ensuring that this is effective and is reported to committee.

The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:

- codes of conduct including behaviour for counter fraud, anti-bribery and corruption
- register of interests
- register of gifts and hospitality.

Referral rates by fraud type and directorate are captured to provide an indication of where codes of conduct, register of interests and gifts and hospitality have been breached.

However, there is no monitoring on when staff have not completed an annual declaration of interests.

The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.

Checks on identification, references and qualifications is conducted as part of the recruitment process to identify any false applications by recruitment managers and HR Services.

In addition, for KR16 posts and above enhanced vetting process is conducted by the Counter Fraud Team given the significant budget responsibility of these posts.

Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.

This is included in the Code of Conduct for staff, annual reminders are issued by staff officers of the need to record any offers or acceptance of gifts and hospitality. Additionally, reminders are issued to members by the Monitoring Officer.

There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.

Fraud awareness is available through e-learning and face to face training, risk-based approach in place to raise requests for training that are led by Counter Fraud experts.

Furthermore, a Counter Fraud Culture product is being offered to management to assess their counter fraud culture to further strengthen awareness and preventative measures.

There is an independent and up-to-date whistleblowing policy which is monitored

Whistleblowing policy is reviewed annually, hotline exists which is managed by Internal Audit.

for take-up and can show that suspicions have been acted upon without internal pressure.	Quarterly returns will be established in future for cases that are reported directly to the directorate.
Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.	This is an area of work that needs to be explored and is part of the Counter Fraud Action plan.
Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	A review of resources was completed in 2019/20 that has led to a business case being created to request additional resources. This looked at the referral rates coming in, the resources required to progress cases that have been risked assessed to progress to investigation and the required proactive work.
There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	The Fraud Plan will be presented to July G&A due to the April G&A being cancelled.
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	In place and reported via the Counter Fraud Report.
Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	In place via the Financial Regulations, However there has been some relevant challenge on access by business units to ensure they are compliant with Data Protection Requirements.
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed	At present, the information is only captured in the Counter Fraud Report and when prosecutions are successful. Engagement with Communications team will occur to highlight the cases when Internal Fraud Week occurs in November 2020.

by the council's communications team.	
All allegations of fraud and corruption are risk assessed.	The National Intelligence Model is used to assess referrals, this includes a risk assessment which takes into account the length of time the fraud has occur, the potential, actual, prevented and recoverable loss, so that resources are used effectively
The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	Fraud Action Plan (Response plan) Includes activity and resources to progress each area.
Asset recovery and civil recovery are considered in all cases.	As part of the investigation plan, asset recovery and civil recovery is a factor investigators have to address during all stages of the investigation.
There is a zero-tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	The Anti-Fraud and Corruption Strategy has a zero tolerance to fraud and requires incidents of financial irregularity to be reported to the HoIA which the CFT monitors, referral rates and outcomes are monitored and reported to G&A a risk assessment is conducted on the cases to determine if suitable for investigation.
There is a programme of proactive counter fraud work which covers risks identified in assessment.	Fraud Action plan includes fraud awareness in key fraud risk areas this is reviewed annually as well as having the ability to be agile to react to emerging risk areas.
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	Within KCC, there is an enforcement group which CTF attends, however only 1 meeting occurred so far, to be addressed via General Counsel who is lead on the enforcement group. Collaborative working with District authorities occurs through both the Kent Intelligence Network and Kent Investigation Officer Group. Joint working is being progressed with Kent Police and NHS England to look at key fraud risk areas that impact vulnerable adults.

<p>The local authority shares data across its own departments and between other enforcement agencies.</p>	<p>Use of the National Intelligence Model, allows data to be shared with other enforcement agencies on a case by case basis.</p> <p>KCC subscribe to the National Fraud Initiative which collects data from across a number of departments and external agencies to detect fraud occurring.</p> <p>KCC are also a member of the Kent Intelligence Network which is promoting further data sharing activity to support the detection of fraud.</p>
<p>Prevention measures and projects are undertaken using data analytics where possible.</p>	<p>Internal Audit and Counter Fraud have a data analytics strategy, this is in its early stages of development.</p> <p>Further work is needed to further establish this strategy to embed data analytics into preventive measures and projects.</p> <p>Currently Data analytics are used with the business however this has not been mapped out.</p>
<p>The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.</p>	<p>Access to Knowledge hub is in place for all CFT members; however, need to assess the benefit of this as the hub is still in it's early stages of development.</p>
<p>The counter fraud team has access to the FFCL regional network.</p>	<p>CFT has access to the FFCL regional network.</p>
<p>There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.</p>	<p>All staff are ACFS qualified and progressing a case to join the Government Counter Fraud Profession.</p>
<p>The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.</p>	<p>Through work with services and the Combined Audit Knowledge & Experience there is good access to knowledge on how all areas across the local authority operate. Relationship management is in place to help identify any changes in processes/ practices.</p>

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Expertise is in place within CFT as well as access to further specialist support from Trading Standards (Surveillance, Asset Recovery and financial investigations) & ICT security (Computer forensics)

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

As part of the investigation process the investigation report provides management with areas of weaknesses in the control environment with recommendations if required being made to capture management responses.