AGENDA MANAGEMENT SHEET

Report Title:	Anti-Fraud, Bribery and Corruption Strategy
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	29 June 2023
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer for Finance and Performance, Leadership Team, Management Team
Contact Officer:	Chris Green, Corporate Assurance Manager and Transformation Lead, chris.green@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities: **(C) Climate** **(E) Economy** **(HC) Health and Communities** **(O) Organisation**	This report relates to the following priority(ies): ☐ Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) ☐ Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) ☐ Residents live healthy, independent lives, with the most vulnerable protected. (HC) ☒ Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 ☐ This report does not specifically relate to any Council priorities but
Summary:	The report sets out an updated Anti-Fraud, Bribery and Corruption Strategy, and Fraud Response Plan, for endorsement. The report also presents the Annual Fraud report for 2022/23.
Financial Implications:	No direct implications.

Risk Management/Health and Safety Implications:	If the Audit and Ethics Committee does not endorse the strategy, the Council will not have a clear approach to managing the risk of fraud, bribery and corruption. This would increase the risk of financial loss and reputational damage.
Environmental Implications:	There are no environmental implications arising from endorsement of the strategy and response plan.
Legal Implications:	None
Equality and Diversity:	There are equality and diversity implications arising from endorsement of the strategy and response plan.
Options:	None
Recommendations:	(1) IT BE RECOMMENDED TO CABINET THAT the Anti-Fraud, Bribery and Corruption Strategy, and Fraud Response Plan be approved; and. (2) the Annual Fraud Report be noted.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 29 June 2023

Anti-Fraud, Bribery and Corruption Strategy

Public Report of the Chief Officer - Finance and Performance

Recommendations

(1) IT BE RECOMMENDED TO CABINET THAT the Anti-Fraud, Bribery and Corruption Strategy, and Fraud Response Plan be approved; and.

(2) the Annual Fraud Report be noted.

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1.   Introduction

1.1   The previous Anti-Fraud, Bribery and Corruption Strategy was approved in 2016, whilst the Fraud Response Plan was last reviewed in 2019.

1.2   Whilst both the Strategy and Response Plan continued to be generally fit for purpose, good practice indicates both should be subject to a formal periodic review, revision and approval.

2.   Report Details

2.1   The revised Strategy and Response Plan are set out at Appendices A and B respectively. They provide an opportunity to reinforce the Council's approach and to revisit staff training and awareness, and to encourage reporting of concerns or suspicions.

2.2   There are no major changes to the Strategy or Response Plan. The most significant changes are as follows:

- To emphasise the importance of the role of the Finance team in applying controls such as budget monitoring and checks on expenditure with new suppliers.
- To reflect the more modern ways of reporting, where applicable links have been added on the Response Plan to enable individuals to more easily report their concerns online without having to search for other websites.

2.3   The Committee is responsible for oversight of the effectiveness of the Council's counter fraud activity. To assist the Committee in the discharge of these responsibilities an annual report has been produced setting out the work which has been carried out internally during the last year, under the three key principles of:

a) Acknowledging and understanding fraud risks;
b) Preventing and detecting fraud; and
c) Pursue – being stronger in punishing fraud and recovering losses

2.4   The Annual Report, which is set out at Appendix C, also summarises the work planned in 2023/24 to embed the Anti-Fraud, Bribery and Corruption Strategy.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 29 June 2023

Subject Matter: Anti-Fraud, Bribery and Corruption Strategy

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY   ☐ **YES**   ☒ **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

☐ Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

Rugby Borough Council Anti-Fraud Bribery & Corruption Strategy

June 2023

Document History

Version	Date	Notes	Prepared by
0.1	01/03/2023	First Draft	Chris Green
0.2	05/06/2023	Final Draft	Chris Green
0.3	29/06/2023	Approval by Audit & Ethics Committee	Chris Green

RUGBY BOROUGH COUNCIL

ANTI-FRAUD, BRIBERY & CORRUPTION STRATEGY

1   Introduction

1.1   Rugby Borough Council is committed to safeguarding public funds, assets and maintaining the highest standards of probity. In order to fulfil this commitment, the Council has a zero tolerance approach to fraud, bribery and corruption.

1.2   This document sets out the Council's strategy in relation to fraud, bribery and corruption and its commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds and assets.

1.3   The adoption of a formal strategy provides an opportunity to communicate to the community involved with the Council our absolute determination to deal with dishonesty, whether involving Councillors, employees, contractors or customers. It sets out the steps that the Council is taking to maintain and improve its defences against fraud and misappropriation as well as targets against which we can measure our performance.

1.4   This strategy outlines how the Council manages the risk of fraud, bribery and corruption through existing governance structures, policies, procedures and control processes, and how these are to be augmented with a variety of proactive counter fraud measures that are intended to develop and embed a strong anti-fraud culture.

1.5   This strategy is not just concerned with reactive operational activity to detect and investigate fraud, bribery and corruption, but it also sets out the objectives for pro-active actions to deter and prevent fraud and corruption through the development of an anti-fraud and corruption culture and a strong system of internal controls and reviews.

1.6   Underpinning the approach adopted by the Council is the Fighting Fraud and Corruption Locally Strategy 2020 and the CIPFA Code of Practice on Managing the Risk of Fraud 2014, which underpins the following five key pillars as the foundations of an effective anti-fraud framework:

- **Govern:** Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organization.

- **Acknowledge:** Assessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that the organization has a robust anti-fraud response. Communicating the risks to those charged with governance.

- **Prevent:** Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture, and communicating its activity and successes.

- **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.

- **Protecting:** Recognising the harm that fraud can cause in the community. Protecting the Council and its residents from fraud.

1.7   All successful criminal and civil proceedings for fraud, bribery or corruption against suppliers, service providers or individuals, either within or external to the Council, will be publicised in accordance with the Council's Communication strategy.

1.8   This strategy and the various policies which support it will be reviewed periodically to ensure they remain current and satisfy best practice requirements.

2   How the Council Manages the Risk of Fraud & Corruption

Policies, Procedures and Codes

2.1   The Council has a duty to protect public money that it controls from loss due to dishonesty. It also has a duty to provide assurance to the local community and to other stakeholders that it is taking its responsibilities seriously.

2.2   The Council is committed to the maintenance of a robust framework of procedures and policies, which are designed to combine and act proactively as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud, bribery or corruption.

2.3   The Council secures the protection and proper administration of public funds and assets through robust working methods and procedures, and by promoting an environment of openness, honesty and integrity in order to ensure the proper use and protection of public funds and assets.

2.4   The Council's governance framework provides a whole range of high level component parts which contribute to the Council having an effective counter fraud strategy and governance structure.

Corporate Governance Framework

- A clear governance structure, for example:
  - ➢ Council Constitution
  - ➢ An established Audit and Ethics Committee
  - ➢ An established Scrutiny Committee
  - ➢ An External Audit regime
  - ➢ An Internal Audit function

Corporate Governance Framework

- Clear written responsibilities, accountabilities, and standards, for example:
  - ➤ Codes of conduct for Members
  - ➤ Codes of conduct for Officers

- Sound procedures and controls, for example:
  - ➤ Financial Standing Orders
  - ➤ Contract Standing Orders
  - ➤ Declaration of interest and gifts and hospitality procedures for Members and Officers
  - ➤ Recruitment procedures
  - ➤ Disciplinary Procedure

- Procedures for reporting irregularities and concerns, for example:
  - ➤ Confidential Reporting Code [i] ("Whistleblowing" Policy)
  - ➤ Fraud Response Plan
  - ➤ Customer Feedback Policy (Complaints Procedures) available to the public

- Senior Officers of the Council with direct responsibility for tackling fraud, bribery, corruption and other irregularities
  - ➤ Chief Executive holding overall responsibility for the Council's fraud, bribery and corruption strategy
  - ➤ A Chief Officer Finance & Performance (s151 officer) with statutory responsibility for the oversight of all financial affairs
  - ➤ A Chief Officer for Legal and Governance (Monitoring Officer) with overall responsibility for the operation of the Confidential Reporting Code, Register of Interests, and the Gifts and Hospitality Register
  - ➤ A Corporate Assurance Manager with oversight over the annual programme of anti-fraud, bribery and corruption work

- A clear programme of anti-fraud, bribery and corruption work
  - ➤ Risk management and proactive prevention and detection work undertaken by the Corporate Assurance Team
  - ➤ Finance Business Partners conducting budget monitoring and sample testing of transactions

Corporate Governance Framework

➢ Reactive investigations managed by the Corporate Assurance Team

➢ Participation in the National Fraud Initiative

- Anti-fraud, bribery and corruption training to Members and Officers

➢ Training is provided on:
  ➢ Governance
  ➢ Anti-Fraud and Probity

- Engagement with key partners

➢ Membership of the National Anti-Fraud Network

➢ Membership of the CIPFA Fraud Network

2.5   These components provide a framework within which the Council operates. Having clear policies ensures clarity about both individual accountabilities and the appropriate approach to be taken during any investigation regarding suspected fraud, bribery or corruption which also contributes to the promotion of an anti-fraud culture.

2.6   Managers should ensure that all current Council corporate documents and policies are considered for fraud and corruption exposure as part of the periodic review of documents. Any future Council corporate documents will be subject to fraud exposure assessment.

2.7   Fraud exposure assessments of contracts with external providers will be reviewed on a regular basis at intervals to be determined by management.

Internal Control Systems

2.8   The Council has adopted a Constitution incorporating contract procedure rules, financial procedure rules and various other rules and codes of conduct that provide a requirement on Officers, when dealing with the Council's affairs, to act in accordance with best practice.

2.9   The Chief Officer Finance and Performance 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. In addition, under the Accounts & Audit Regulations (England) as the "responsible financial officer", he is required to determine the accounting control systems which include:

- measures to enable the prevention and detection of inaccuracies and fraud
- identification of the duties of officers dealing with financial transactions
- division of responsibilities of those officers in relation to significant transactions

2.10   The Council's aim is to embed sound financial systems and procedures with appropriate, efficient, and effective, internal controls. Separation of duties should be considered as a fundamental control in systems, especially when involving significant financial transactions. An appropriate division of responsibilities is a key control in the prevention of impropriety.

2.11   Under the Council's Financial Procedure Rules, the Chief Officer Finance and Performance is responsible for ensuring that adequate controls are in place. The existence, appropriateness, and effectiveness of these internal controls is independently monitored and reported upon by the Council's Corporate Assurance Team.

2.12   As part of the Council's published accounts each year, a formal statement is produced which describes the Internal Control Systems and provides an assessment of their effectiveness. This Annual Governance Statement is designed to provide assurance to external parties of the quality of the Council's governance arrangements and demonstrates effective stewardship of the public funds entrusted to the Council.

2.13   This network of systems and procedures to assist in safeguarding public funds and assets against fraud, bribery and corruption is well established and has been in place for many years. However, the Council is determined to keep pace with future developments and therefore this strategy will build on the existing arrangements to ensure they remain current and comply with best practice.

2.14   Lessons learned reports will be produced whenever the Council has been subject to fraud in order that anti-fraud measures are improved following such an incident.

3   Identifying Fraud and Corruption Risks

3.1   The CIPFA Code of Practice on Managing the Risk of Fraud recommends that Councils evaluate their fraud exposure, in order to allocate resources to combat fraud more effectively. The Council evaluates its fraud exposure by a bi-annual fraud and bribery risk assessment of existing governance structures, policies, procedures and control processes within the Council which is carried out by the Corporate Assurance Team. The results of this risk assessment are used to inform a program of targeted proactive anti-fraud, bribery and corruption work to be conducted by the Corporate Assurance Team at the Council.

3.2   The risk of fraudulent and or corrupt activity is included in the Council's risk management arrangements. Where appropriate, specific risks of fraud are recorded on departmental risk registers.

3.3   Fraud, bribery and corruption risks are also managed within the Council by Service Managers and Chief Officers, who are responsible for assessing the potential for fraud, bribery and corruption within their own Service's activities. Managers are best placed to monitor and evaluate the effectiveness of the Council's systems of internal control within their areas of responsibility by:

   •   ensuring that internal controls to prevent fraud, bribery and corruption exist and are adequate; and
   •   ensuring that controls, checks and supervision, associated with the operations for which they are responsible, operate in such a way as to prevent or detect fraudulent activity.

3.4   Internal Audit undertakes independent assessments of the key risks and associated controls

within systems across the Council.

4   Creating and Maintaining a Strong Anti-Fraud Culture

4.1   High ethical standards are an integral part of good governance and can lead to increased public confidence in local democracy. The 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.

4.2   The Council's endorsement of this Strategy sends a clear message that fraud against the Council will not be tolerated and, where reported or identified, will be dealt with in a professional and timely manner using all the necessary sanctions that are available. Through the creation and enhancement of a strong anti-fraud culture the Council aims to deter potential perpetrators from targeting its finances and services.

4.3   There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council employees or its agent(s) at all levels will lead by example in these matters.

Members

4.4   The responsibility for an anti-fraud culture is the collective duty of all those involved in giving political direction, determining policy and management.

4.5   The Council expects its Councillors to lead by example at all times and to maintain the highest standards of probity, honesty, transparency, integrity and accountability in their role as Councillors.

4.6   The Council promotes and maintains high standards of Member conduct. Members are required to observe the Member's Code of Conduct. In particular Members are required to operate within:

- Member's Code of Conduct
- Sections 94-96 of the Local Government Act 1972
- Local Authorities Members' Interest Regulations 1992 (SI 618)
- Council Procedure Rules

4.7   The Council has an Audit and Ethics Committee which has a key role in reviewing and ensuring that there are adequate arrangements in place to deal with fraud and corruption. This includes responsibility for approving and supporting this Strategy.

Officers of the Council

4.8   A successful anti-fraud culture is one where acts of fraud, bribery and corruption are widely

recognised as unacceptable behaviour and whistleblowing is perceived as public-spirited action. The Council has put in place a number of policies, procedures and other actions to promote an anti-fraud culture to the Officers of the Council.

4.9　All Officers must abide by the Council's Code of Conduct for Employees, which sets out the Council's requirement on personal conduct. This Code is referred to in all Contracts of Employment. Officers of the Council are also expected to follow any code of conduct related to their personal professional institute.

4.10　The Council has in place disciplinary procedures for all categories of employee. Any breach of conduct will be dealt with under these procedures and may result in dismissal.

Training

4.11　The Council recognises that the continuing success of this strategy will depend largely on the effectiveness of programmed fraud awareness training, communication and responsiveness of Officers throughout the Council.

4.12　To facilitate this, the Council provides induction training and follow-up training for all Members and Officers; this applies particularly to those involved in internal control systems and financial and finance-related systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced, and to casual, temporary and agency staff, who may not be aware of the high standards of probity that are required in the public sector.

5　Adequate and Appropriate Resources

5.1　The Corporate Assurance Team are responsible for coordinating the investigation of fraud, bribery and corruption and are provided with access to the Council's employees, records, premises and other assets or resources as required.

5.2　Whilst the Corporate Assurance Team has an important role to play in the detection of fraud, it is not their sole responsibility but a shared responsibility with all Officers and members of the Council.

5.3　The Officers responsible for conducting anti-fraud, bribery and corruption work are trained and professionally accredited. This includes, where appropriate, relevant qualifications such as counter fraud accreditation training.

5.4　The level of counter fraud resource required is regularly reviewed in line with the annual fraud report, internal audit plan and in accordance with the risk management strategy.

5.5　An annual programme of anti-fraud, bribery and corruption work is conducted by the Corporate Assurance Team which reports to, and whose work is monitored by, the Audit and Ethics Committee.

5.6　Anti-fraud work is integrated within the annual programme of work undertaken by Internal Audit. The Corporate Assurance Manager provides an independent opinion on the adequacy and

effectiveness of the systems of governance, risk management and internal control based on the work undertaken during the year. Whilst it is not a primary function of Internal Audit to detect fraud, internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

Working with Others to Prevent and Fight Fraud

5.7 The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is conducted in full compliance with the *Data Protection Act 2018* and with the National Fraud Initiative Code of Data Matching Practice, and includes providing information to other agencies for data matching purposes. Any employee found to be perpetrating fraud on another local or national agency is liable to face disciplinary action where this has implications for the Council's trust and confidence in the employee. In certain cases, legal proceedings and disciplinary action may be taken that could lead to criminal convictions, civil recovery action and dismissal.

5.8 The Council will liaise where appropriate with outside organisations, including neighbouring councils, to encourage closer working, intelligence sharing and formalising joint working through the implementation of working protocols, subject to the use of appropriate legal gateways to sharing of information and resources.

6 Tacking Action to Tackle Fraud and Corruption

Deterrence

6.1 There are a number of methods which the Council uses to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Council, and these include:

- Publicising the fact that the Council will not tolerate fraud, bribery and corruption and will state this at every appropriate opportunity – e.g. publicising the whistleblowing arrangements, clause in contracts, statements on claim forms, publications etc.

- Acting robustly and decisively when fraud, bribery and corruption are suspected and proven – e.g., the termination of contracts, dismissal, prosecution etc.

- Taking action to effect the maximum recoveries for the Council – e.g. through agreement, court action, penalties, insurance etc.

- The Council's communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. Where appropriate, the results of any action taken, including prosecutions, will be reported in the media.

- Having sound internal control systems, that still allow for innovation, but at the same time minimise the opportunity for fraud and corruption.

Prevention

6.2   Managers across the Council have an important role to play in the prevention of fraud, bribery and corruption. They are responsible for assessing the potential for fraud, bribery and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk.

6.3   The Corporate Assurance Team will provide appropriate advice, as and when appropriate, to managers to ensure they are fully aware of the requirement to give sufficient emphasis to the preventative aspects of fraud and corruption work.

6.4   The Internal Audit Plan and programme of anti-fraud, bribery and corruption work conducted by the Corporate Assurance Team includes 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 proactive assurance work intended to detect, deter and prevent fraud.

Detection, Whistleblowing and Reporting Fraud

6.5   The Anti-Fraud, Bribery & Corruption Response Plan provides a clear pathway for raising concerns and facilitating "tip-offs" of allegations of fraud, bribery or corruption, and the fraud-response arrangements outlined in that document, enable such information or allegations to be dealt with accordingly.

6.6   The Council's Confidential Reporting Code (Whistleblowing Policy) also gives advice on how to raise a concern and the safeguards and support that are available to those who raise concerns.

6.7   The Monitoring Officer has overall responsibility for the maintenance and operation of the Council's Confidential Reporting Code (Whistleblowing Policy), Register of Interests, and the Gifts and Hospitality Register.

6.8   All Officers and Members of the Council are encouraged to use the whistleblowing procedures to report any allegations of fraud, bribery and corruption against the Council. Further information on raising a genuine concern under the whistleblowing procedures can be found in the Confidential Reporting Code.

6.9   The Council's whistleblowing arrangements will be reviewed on a regular basis against best practice from Public Concern at Work and updated accordingly. This will include testing staff confidence in the whistleblowing arrangements and ensuring that the policy is communicated to and accessible to all employees and contractors. In addition, the arrangements for members of the public to raise fraud concerns will be reviewed.

Investigation

6.10   Investigations into allegations of fraud, bribery or corruption are supervised by the Corporate Assurance Team, which is led by the Corporate Assurance Manager. All Members and Officers of the Council are required to report all suspected irregularities or allegations involving fraud, bribery or corruption to the Corporate Assurance Team who will then inform the s151 officer

(Chief Officer Finance & Performance).

6.11   The central reporting of suspected irregularities and allegations of fraud, bribery and corruption to the Corporate Assurance Team is essential to the Strategy and ensures:

- consistent treatment of information regarding fraud, bribery and corruption

- proper investigation by an independent and experienced person

- that system and procedural weaknesses are promptly identified and addressed

- proper implementation of a fraud response investigation plan

- optimum protection of the Council's interests

6.12   Depending on the nature and anticipated extent of the allegations, the Corporate Assurance Team will normally work closely with management, personnel, legal etc., and other agencies, such as the Police. 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.

6.13   The Council's disciplinary procedures will be used where the outcome of the investigation indicates improper behaviour.

6.14   Where a fraud has occurred, action will be taken by management to ensure that any control weaknesses which provided the opportunity for the fraud to occur are addressed. Any lessons learnt will be disseminated to all relevant departments within the Council.

Sanctions and Redress

6.15   Where financial impropriety is discovered, whether perpetrated by Officers, Members or third party organisations (e.g. suppliers, contractors, and service providers), the Council will consider appropriate action.

6.16   Referral to the Police is a matter for the Chief Executive and the s151 officer (the Crown Prosecution Service determines whether or not a prosecution will be pursued).

6.17   Referral to the Police will not inhibit action under the Council's Disciplinary Procedures. Cases of fraud or corruption may represent gross misconduct and consequently the Officer may be liable for dismissal.

6.18   The Chief Executive, Monitoring Officer, and Legal team will advise on the course of action to be taken in relation to Members.

6.19   Suspected financial impropriety by any organisation which has caused the Council to be a victim of fraud, brbiery or corruption will be the subject of an investigation. If proven, this could result, for example, in the termination of an individual contract and may result in prosecution.

6.20   In proven cases of financial loss, the Council will seek to recover all such losses through whatever means it considers appropriate. In the case of an employee, the loss may be recovered from any monies due to the individual on termination of employment.

7   Defining Success

7.1   Success will be measured by focusing on the real outcomes achieved from the key actions outlined in this strategy. The outcomes to be measured will include the following:

- awareness levels demonstrated at the end of completed training
- reports of suspicions
- successful investigations
- sanctions applied
- financial losses recovered and where appropriate financial savings

7.2   Achievements against these desired outcomes, and the actions taken to minimise future cases of fraud, will be contained in an annual fraud report, and periodic updates to the Audit and Ethics Committee.

Annex A – Glossary

Annual Governance Statement
The Annual Governance Statement is a statutory requirement of the Accounts and Audit (England) Regulations. It is the platform to formally state an opinion on the systems of internal control including the arrangements for the management of risk with recommendations given for future improvements to the systems.

Anti-Fraud, Bribery and Response Plans
The Fraud Response Plan sets out how to report allegations of fraud, bribery and corruption, and how they are dealt with.

Audit and Ethics Committee
The Audit & Ethics Committee oversees the environment of internal control, risk management and anti-fraud and corruption arrangements within the Council. They consider the Annual Governance Statement and Annual Statement of Accounts and quarterly reports from Internal and External Audit to ensure the effectiveness of this environment.

Bribery
Bribery is offering something of value for the purpose of influencing the action of a person when they are undertaking their public or legal duties.

Chief Officer Finance & Performance
See S151 Officer.

Corporate Assurance Manager
The Corporate Assurance Manager reviews the effectiveness of the system of internal control throughout the year and reports annually to the Audit & Ethics Committee via the Annual Governance Statement.

Corporate Assurance Team
A dedicated Internal Audit with fraud capability for delivery of an annual programme of proactive and reactive anti-fraud, bribery and corruption work

Chief Officers
Chief Officers are the senior managers of the Council.

CIPFA
The Chartered Institute of Public Finance and Accountancy

Corruption
Improper and usually unlawful conduct intended to secure a benefit for oneself or another.

Council
Rugby Borough Council

Crown Prosecution Service
The CPS is the principal prosecuting authority in England and Wales. In addition to prosecuting cases at court, the CPS is responsible for advising the police on cases for possible prosecution and reviewing the case evidence

Chief Executive
Head of Paid Service for the Council with overall responsibility for tackling fraud, bribery and corruption at the Council. This role is held by Mannie Ketley.

External Audit
External audit is an annual independent examination designed to form an opinion on the state of the Council's financial management and its published annual accounts. The external auditors provide assurance to residents and councillors that the Council's finances are soundly managed and the annual accounts present a true and fair view of the Council's income and expenditure assets.

Financial Standing Orders

Financial Regulations provide the framework for managing the Council's financial affairs, provide clarity about the financial accountabilities of individuals and set out overarching financial responsibilities of the statutory s151 officer.

Fraud and Corruption

When these terms are used in conjunction, their definition can include acts such as abuse of position, bribery, collusion, concealment of material facts, conspiracy, deception, embezzlement, extortion, false representation, failing to disclose information to the Council, forgery, giving or accepting of an advantage, misappropriation or theft.

Internal Audit

Internal Audit is an assurance function whose primary purpose is to provide an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance, in support of the objectives of the Council.

Internal Audit Plan

This is a work plan developed annually by Internal Audit which sets out a schedule of audits used to provide assurance to the Council on the effectiveness of internal controls.

Internal Controls

Processes tailored to the Council's structure, work, delegation of authority rules, people and management information systems, which are designed to help the Council accomplish specific goals or objectives, such as preventing fraud, bribery or corruption.

Irregularity

An irregularity is a breach of a convention or normal procedure.

Money Laundering

The process by which proceeds of crime or terrorism funds are legitimised. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Monitoring Officer

The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and the Local Government Act 2000. The role is further defined in the Council's Constitution. Currently this role is held by the Chief Officer Legal & Governance.

National Fraud Initiative

Exercises which match electronic data within and between public sector bodies and systems to help public bodies prevent and detect fraud and overpayments.

Public Concern at Work

Public Concern at Work is an independent authority on whistleblowing. It provides free help to prospective whistle blowers and advice on whistleblowing laws.

Section 151 Officer

As required by the Local Government Act 1972, the Section 151 Officer is nominated to take responsibility for making arrangements for the proper administration of a local authority's financial affairs including advising on anti-fraud and corruption strategies and measures. The Council's Section 151 Officer is the Chief Officer Finance & Performance.

Separation of Duties

An internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task.

Strategy

This Anti-Fraud, Bribery and Corruption Strategy document.

Rugby Borough Council Fraud, Bribery & Corruption Response Plan

June 2023

Document History

Version	Date	Notes	Prepared by
0.1	01/03/2023	First Draft	Chris Green
0.2	05/06/2023	Final Draft	Chris Green
0.3	29/06/2023	Approval by Audit & Ethics Committee	Chris Green

1. INTRODUCTION

1.1 Rugby Borough Council is committed to the highest possible standards of openness, probity and accountability in all its affairs. It is determined to embed a culture of honesty and opposition to fraud, bribery and corruption.

1.2 In line with that commitment, the Council's Anti-Fraud, Bribery and Corruption strategy outlines the principles to which we are committed in relation to preventing, reporting and managing fraud, bribery and corruption.

1.3 This Response Plan reinforces the Council's robust approach by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud, bribery or corruption. It also outlines how the Council will deal with such allegations.

2. DEFINITION OF FRAUD, BRIBERY AND CORRUPTION

2.1 Fraud is defined as any intentional act or omission taken by an individual, group or organisation, which is designed to deceive, and which facilitates a dishonest gain at the expense of (or loss to) the Council, the residents of the Rugby Borough, or the wider national community. Fraud can include:
- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

2.2 Fraud by false representation occurs where a person makes any representation as to fact or law, express or implied, which they know to be untrue or misleading.

2.3 Fraud by failing to disclose information occurs where a person fails to disclose any information to a third party when they are under a legal duty to disclose such information.

2.4 Fraud by abuse of position occurs where a person occupies a position where they are expected to safeguard the financial interests of another person, and abuses that position. This includes cases where the abuse consists of an omission rather than an overt act.

2.5 Corruption is defined as an act done with the intent to give some advantage which is inconsistent with a public servant's official duty and the rights of others.

In the public sector it can also be defined as abuse of power by a public official for private gain. Forms of corruption vary but include bribery, extortion, nepotism, cronyism and embezzlement.

3. WHAT SHOULD YOU DO IF YOU SUSPECT FRAUD, BRIBERY OR CORRUPTION?

3.1 The methods for reporting suspected fraud, bribery and corruption are laid out below. Advice and guidance can be obtained from the Corporate Assurance and Manager on 01788 533451 if you are in any doubt about the seriousness of your concern.

3.2 **What should an employee do if they suspect fraud, bribery or corruption?** Employees, partners, the public and contractors are often the first to realise that there is something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. Employees, partners, the public and contractors should be aware that if there is a suspicion of fraud then they are obliged to report it.

3.3 The Council's Confidential Reporting Code is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem, informing the media or other external bodies. The Code has been discussed with the relevant trade unions and has their support. A full copy of the Confidential Reporting Code can be obtained from the Council web-site.

3.4 In essence, employees should raise their concerns with their line manager or supervisor, who will in turn inform the Corporate Assurance Manager. Under the terms of the policy staff can alternatively contact their Chief Officer, the Chief Executive, the Monitoring Officer, or a number of prescribed external bodies directly as listed in the policy.

3.5 Should a member of staff choose to report their concerns anonymously their anonymity will be respected as far as possible although it cannot be guaranteed. The Public Interest Disclosure Act provides protection to staff and contractors making such disclosures where they have a genuine concern.

3.6 **The individual making reporting the concern (or their line manager) must not do any of the following:**

- **Do not** contact the suspected perpetrator in an effort to determine facts or demand restitution.
- **Do not** discuss the case facts, suspicions, or allegations with anyone.
- **Do not** attempt to personally conduct investigations or interviews or question anyone.

3.7 **What should a manager do when suspected fraud, bribery or corruption is reported to them?**

- **Do** listen to the concerns of the individual reporting the concern and treat every report you receive seriously and sensitively. Record the key points of the issue sufficiently to pass on to the Corporate Assurance Manager.
- **Do** reassure the individual that is reporting the concern that they will not suffer because they have told you of their suspicions.
- If the person reporting the concern provides evidence that supports the allegation then **do** make sure it is kept in a safe and secure place and cannot be interfered with. **Do not** go looking for, or collecting additional evidence.
- **Do** contact the Corporate Assurance Manager immediately following discussion with the individual reporting the concern and pass on any information you have including the record of the concern raised.
- **Do not** try to carry out an investigation yourself (including speaking to the person the allegation has been made against). This may compromise the internal investigation or any criminal enquiry.
- **Do not** divulge anything to the individual that the allegation is against.
- Should the Corporate Assurance Manager require any further assistance they will be in touch.

3.8 **What should Human Resources do if they suspect fraud, bribery or corruption?**

Issues concerning staff performance or behaviour are investigated under the Council's disciplinary procedures by managers in partnership with Human Resources. If the relevant Human Resources Officer or manager suspect that an issue involves potential fraud, bribery or corruption then the HR Manager should be informed immediately. The HR Manager will then alert the Corporate Assurance Manager, who will in turn inform the Chief Officer Finance & Performance (s151 officer). The Corporate Assurance Manager will assess whether the nature of the allegations fall within the scope of the Fraud Response Plan. For example, irregularities on timesheets or travel and subsistence claims are potentially fraudulent acts.

Similarly once an investigation begins, should fraud, bribery and corruption issues emerge, the Corporate Assurance Manager should be contacted as soon as possible for advice on how to proceed. Interviews should only take place once this advice has been received (which may include an agreement on which issues should proceed and others which should not) to ensure, as far as possible, that any evidence collected will not adversely impact any potential criminal investigation.

3.9 **What should Auditors do if they suspect fraud, bribery or corruption?**

If an Auditor in the course of his or her duties suspects fraud, bribery or corruption they should cease work on the assignment immediately, and report the matter to the Corporate Assurance Manager.

3.10 **What should a member of staff handling a complaint do if they suspect fraud, bribery or corruption?**

Any suspicions of financial irregularity that may be included in a complaint or comment should be referred to the Corporate Assurance Manager immediately upon receipt. Allegations of fraud, bribery and corruption should be treated through this procedure rather than through the corporate complaints procedure as the timetable for investigating and reporting on complaints does not apply to complaints of financial misconduct.

3.11 **What should a member of the public, a partner or a contractor do if they suspect fraud or corruption?**

The Council encourages members of the public, partners or contractors to contact the Council should they suspect fraud or corruption.

If the matter relates to a Councillor, Council employee or an individual working on behalf of the Council including agency workers and contractors, a referral can be made directly to the Corporate Assurance Manager on 01788 533451, by email (chris.green@rugby.gov.uk), or by writing to:

The Corporate Assurance Manager
Rugby Borough Council
Evreux Way
Rugby
CV21 2RR

Allegations of benefit fraud can be made online at: www.gov.uk/report-benefit-fraud or via the National Benefit Fraud Hotline (NBFH) on 0800 854440. Alternatively allegations of benefit fraud can be made in writing to:
NBFH
PO Box 224
Preston
PR1 1GP

3.12 **Alternative Methods of reporting fraud, bribery and corruption**
- Councillors – for those living within the Rugby Borough Council boundary, reports may be made to Councillors who will then report the concern to the Chief Executive, the Monitoring Officer and/ or the Leader. Details of all Councillors are available on the website.
- Trade Union Representatives – employees may invite their Trade Union to raise a matter on their behalf. The union representative would then follow the employee process for onward reporting as detailed above.
- The Police – suspicions of fraud, bribery or corruption may be reported directly to the police online at:
www.warwickshire.police.uk/ro/report/fo/v1/fraud/
The Council will fully support any resulting police investigation.
- The Action Fraud Hotline on 0300 123 2040 or at:
www.actionfraud.police.uk/reporting-fraud-and-cyber-crime
- The Local Government Ombudsman on 0300 061 0614 – this is an independent body set up by the Government to deal with complaints against Councils in the United Kingdom. The Ombudsman will raise any concerns via the Council's legal department.
- Public Concern at Work – this is a charity which provides free and strictly confidential legal help to anyone concerned about a malpractice which threatens the public interest. They operate a helpline on 020 7404 6609 or can be emailed at whistle@pcaw.org.uk

3.13 **How will the Council deal with allegations of fraud or corruption?**
The Council will deal with any allegation of fraud in the most appropriate manner depending on the circumstances of the case. This may include following the complaints process, the disciplinary process and/ or a criminal investigation process. All investigations will be conducted in accordance with the relevant Council policies and procedures and where appropriate criminal legislation.

In the first instance a suitably trained impartial investigator will be appointed. They will conduct a preliminary investigation and report (verbally or in writing) to the relevant member of the Leadership Team, who in conjunction with Human Resources will decide on the most appropriate process to follow. Options at this stage may include:
- not progressing the investigation any further,
- identification and rectification of system weaknesses, and/ or
- further investigation (disciplinary and/ or criminal).

The Council acknowledges that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed.

Thus, subject to legal constraints, they will receive appropriate information about how the matter is being addressed and the final outcome.

All interviews with staff will be conducted in line with the Council's disciplinary procedures. If there is a possibility that the investigation could lead to a criminal prosecution then any interviews will be conducted by a suitably trained Council officer. This may mean that disciplinary interviews need to be conducted by a trained fraud investigator (i.e. an investigator trained in the Police and Criminal Evidence Act 1984 Code of Practice).

Once the investigation has been completed, a report will be prepared which states the facts discovered by the investigation. A recommendation will be made as to the appropriate course of action to be followed. This can include a disciplinary hearing, criminal proceedings or no further action.

4.   FOLLOW UP

4.1   The Council will seek to recover any financial loss through the appropriate mechanism. This may involve either civil or criminal proceedings where it is in the public interest to do so.

4.2   Investigations may identify weaknesses in the Council's system of internal controls. Risk assessments will be carried out where weaknesses in the system of internal control are identified. In these circumstances a report will be issued which sets out recommendations for how the controls can be improved to prevent any recurrence of fraud, bribery or corruption. The recommendations for improvement will be incorporated within an action plan. Delivery of the action plan will then be monitored by the Corporate Assurance team. The results of investigations will be used to inform the annual internal audit plan.

4.3   The Audit & Ethics Committee will receive a verbal update on allegations received, and investigation work carried out, at each Committee meeting. An annual report on the outcomes of investigations will also be reported to the Audit & Ethics Committee; this report will be published.

RUGBY BOROUGH COUNCIL

ANNUAL FRAUD REPORT

2022-23

Date: 29 June 2023

Annual Fraud Report 2022/23

1.   BACKGROUND

1.1   Responsibility for Benefit fraud investigation was transferred to the Department for Work and Pensions (DWP) back in 2015. Since this time corporate fraud investigation remains the responsibility of the Council.

1.2   This report highlights the work which has been carried out internally under the three key principles of:
- Acknowledging and understanding fraud risks;
- Preventing and detecting fraud; and
- Pursue – being stronger in punishing fraud and recovering losses

2.   ACKNOWLEDGING AND UNDERSTANDING FRAUD RISKS

2.1   All public bodies are at risk from fraud in one form or another. Acknowledging this fact is vital in developing an effective anti-fraud response. Individual services need to understand where the risk of fraud lies and the consequences of those frauds (whether that be financial, reputational or another consequence) to enable them to develop an appropriate risk based response.

2.2   Key to this is an effective counter fraud culture that reinforces the Council's zero tolerance towards fraud. This culture should enable individuals to identify potential fraud and empower them to report their concerns in a safe and secure manner to the appropriate people at the right time.

2.3   During 2022/23, work completed to acknowledge and understand fraud risk included:
- Fraud and theft risks were evaluated and tested as part of the audits of Procurement & Contract Management, Growth Hub Grants, NNDR, Corporate Credit Card, Right to Buy, and Licensing. In all cases except the Corporate Credit Card, the overall level of assurance was Substantial. The Corporate Credit card audit highlighted that monitoring controls need to be enhanced to reduce the risk of inappropriate expenditure being incurred. Sample testing, however, did not highlight any transactions which appeared to be of an inappropriate nature.

- Completion of one corporate investigation.
- An independent external review of the Council's framework for managing fraud, bribery and corruption was completed, and this provided a Substantial level of assurance.
- The Anti Fraud, Bribery and Corruption Strategy and Response Plans were reviewed and updated, and are being presented to the Audit & Ethics Committee for endorsement in June 2023.

3. PREVENTING AND DETECTING FRAUD

3.1 Although the detection and recovery of fraudulently obtained finance and assets is important, it is also costly and there is no guarantee that lost monies will be recovered. Therefore it is imperative that the Council takes all reasonable steps to prevent fraud from entering its systems in the first place.

3.2 The protection of assets is one of the five key items of an effective control environment, and thus plays a critical role in the work of internal audit. When determining the annual audit plan, as well as scoping the work programmes for individual assignments, the Corporate Assurance Team considers those areas at risk of fraud. Internal Audit testing is designed to ensure that sufficient coverage is given to the identification and testing of anti-fraud controls within the areas being reviewed, in order to assess their effectiveness and where appropriate recommend improvements.

3.3 A Fraud Response Plan is in place, reviewed and updated in early 2023, which reinforces the Council's robust approach by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud, bribery or corruption. It also outlines how the Council will deal with such allegations. Training on the Fraud Response Plan has also been provided to the Corporate Management Forum, Members and over 100 officers below the manager grade. In addition in 2019/20 all officers were asked to confirm via metacompliance that they had read and understood the strategy and response plan; this was complemented by a quiz to confirm the level of understanding. Further staff training and awareness activity will be undertaken in 2023/24.

3.4   During 2022/23, in addition to the internal audit highlighted above, work to prevent and detect fraud included the following:

2022-23 NFI Outcomes

- The Council participates in the National Fraud Initiative (NFI). The NFI is a Cabinet Office initiative matching data from a number of public and private organisations to identify potential fraud. The Council has taken the following action so far in relation to the 2022-24 exercise:

171	Number of matches reviewed
0	Number of frauds identified
1	Number of errors identified
£1,299	Amount of Housing Benefit overpayments identified

- There has been one Housing Benefit overpayment identified so far during the 2022-24 NFI exercise. This was a taxi driver whom's earnings had not been correctly assessed. This has been corrected and the overpayment is being recovered through a reduction in weekly benefit.

Internal Investigations 2022-23

- There was one internal fraud investigation completed during 2022/23. The investigation was conducted by Internal Audit in partnership with Human Resources and the relevant service area. £600 has been recovered as a result of this investigation.

1	Number of allegations of fraud/ financial misconduct reported
1	Number of investigations completed
1	Number of resignations/ dismissals arising from investigations
0	Number of cases where other action was taken (including management advice and/ or warnings)
0	Number of cases where no issue was identified

4. PURSUE: BEING STRONGER IN PUNISHING FRAUD AND RECOVERING LOSSES

4.1 Where fraud is discovered the full range of sanctions will be used by the Council including civil, disciplinary and criminal action.

4.2 As a matter of routine, all overpaid monies are considered for recovery where appropriate. Increases in Council Tax liability due to the removal of single person discounts are pursued through increases to the individual Council Tax bill and collected as part of normal Council Tax collection processes.

4.3 As noted above, £600 has been recovered as a result of an internal investigation in 2022/23. The Council is also continuing its efforts to recover losses arising from a previous investigation in 2021/22.

5. WORK PLANNED FOR 2023/24

5.1 In addition to the ongoing participation in the National Fraud Initiative for 2023 – 2024, further internal audit work is being completed during 2023/24 in support of the Counter Fraud, Bribery and Corruption Strategy. This work includes testing of controls designed to prevent or detect fraud, bribery and corruption in the following areas/ systems:
- Housing Benefits
- Sundry Debtors
- Housing Rents
- Transaction Testing
- Transport – Fuel Usage
- Benn Hall
- Bereavement Services
- Property Repairs including Stock Control

5.2 In addition, further staff training and awareness activity will be undertaken; the precise nature of which will be discussed and agreed with the Leadership Team.