

Counter Fraud Strategy and Framework 2022 - 2025



Statement on Fraud by the Senior Leadership Team

The Horsham District Council Senior Leadership Team (SLT) are committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour. We take our responsibilities for public money seriously and recognise that fraud against the Council harms the individuals, communities and businesses of the Horsham District and for that reason, fraud, bribery and corruption against the Council will not be tolerated, and all such occurrences will be investigated. We will undertake to consider the circumstances of each case of alleged fraud we investigate to ensure we seek a fair and balanced outcome.

We fully support the investigation of allegations of fraud, the continued development of a robust anti-fraud culture and framework within the Council, and a strong stance being taken where fraud is found.

The diverse nature of services provided by the Council mean that there are many areas where we could be a target for fraud. We will ensure we understand the main fraud risks we face and set out how we protect against them in our departmental risk registers.

We, SLT, with your support, will strive to ensure that we have robust processes in place to help prevent the risk of fraud, and that we do not forget the risk of fraud in our drive to improve efficiency in our services.

Counter Fraud Strategy & Framework

Created by	Internal Audit	Adopted Date	September 2022	Version	1
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Introduction

The public is entitled to expect the Council to conduct its business with integrity, honesty and openness and demand the highest standards of ethical conduct from those working for and with it.

The Council takes the threat of fraud and corruption and its statutory duty to protect the public funds it administers seriously. The Council expects the highest ethical and legal standards from its Members, officers, contractors and agents carrying out business on its behalf. It is essential that we protect the public purse and ensure that council funds are used only for their intended purpose: to support and deliver services to our community. As such we maintain a zero tolerance approach to fraud and corruption whether it is attempted from outside the Council or within.

It is an expectation that where employees have workplace concerns, or suspect wrongdoing, that this is raised through appropriate channels. All allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT misuse or any other forms of financial irregularity should be reported to the Chief Finance Officer, who will help to ensure that appropriate action is taken.

This strategy forms part of the Council's counter fraud framework, a collection of interrelated policies and procedures including the Whistleblowing Policy, Anti-Money Laundering Policy, Member Code of Conduct, Employee Code of Conduct, and Financial Procedure Rules. The framework includes guidance on types of fraud and corruption, how to report concerns, and the investigation process. This strategy and framework set out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.

Strategic approach

To fulfil the Council's Counter Fraud Strategy and Framework 2022 - 2025, the Council must ensure that fraud, bribery, corruption, and misappropriation is minimised. Every pound lost to fraud and corruption is a reduction in resources and negatively influences the Council's ability to deliver its objectives.

The Council has reviewed its arrangements in line with the Fighting Fraud and Corruption Locally Strategy (2020) – the Local Government blueprint for tackling fraud in Local Government. The strategy outlines four strategic principles for effective fraud management, together with the overarching principle of 'Protect':



Action Plan

What we will do against each of these strategic principles is set out in the following table.

Our Principles	What we will do
Govern	<ul style="list-style-type: none"> • Ensure that there is full support from the top of the organisation and throughout, for the robust investigation into any allegations of fraud, bribery, corruption, or wrongdoing; • Ensure that our zero tolerance culture is embedded throughout the organisation; • Promote our Whistleblowing Policy to both employees and those external to the organisation; • Coordinate the annual National Fraud Initiative (NFI) exercise administered by the Cabinet Office; • Report instances of fraud and corruption to the Audit Committee, who support officers in their work to prevent, detect and investigate fraud and corruption.
Acknowledge	<ul style="list-style-type: none"> • Acknowledge and understand fraud and misconduct risks; • Commit the right support to tackle fraud and corruption; • Develop and maintain a strong framework of internal controls; • Commit support and resources to tackling fraud and corruption; • Demonstrate a robust counter fraud response, and; • Communicate the risks to those charged with Governance.
Prevent	<ul style="list-style-type: none"> • Develop and maintain a robust and effective anti-fraud culture; • Make the best use of information and technology to identify and tackle fraud; • Ensure that the standards in public life adopted are set out clearly in the Council's policies and effectively communicated; • Conduct employee and third-party due diligence; • Communicate with staff on countering fraud and provide fraud awareness training; • Identify control weaknesses and enhance anti-fraud controls and processes, and; • Communicate counter fraud activity and successes through reporting to SLT, Audit Committee and staff training/workshops.
Pursue	<ul style="list-style-type: none"> • Prioritise the recovery of financial losses as a result of fraud, and use of civil sanctions where appropriate; • Develop capability and capacity to investigate and punish offenders, through the support of appropriate disciplinary processes and working with outside agencies, including the Police; • Develop and maintain internal investigation protocols and disclosure protocols; • Provide a consistent and effective response for dealing with fraud cases;

	<ul style="list-style-type: none"> • Collaborate across geographical boundaries with other local authorities through working groups, sharing of intelligence, benchmarking, and on joint investigations; • Learn lessons from identified fraud and corruption and close the gaps in control weaknesses that allowed any wrongdoing to be perpetrated.
Protect <i>(this is an overarching aim which sits across the previous four principles)</i>	<ul style="list-style-type: none"> • Recognise the harm that fraud can cause in the community; • Protect the Council, the public funds it administers, as well as residents and other stakeholders, from risks and financial losses relating to fraud and corruption, now, and in the future.

Governance

This is about the Council having robust arrangements and senior management support to ensure ‘zero-tolerance’ anti-fraud, bribery and corruption measures are embedded throughout the organisation.

SLT are committed to setting a ‘tone from the top’ through the support of a zero-tolerance approach to fraud and corruption, which may include the use of the dedicated Counter Fraud team that sits within the Orbis Internal Audit partnership.

The Chief Internal Auditor reports all instances of identified fraud, theft, and corruption quarterly to SLT and the Audit Committee (where there has been internal audit involvement), ensuring that Members are appropriately briefed of all significant instances of identified wrongdoing.

The Council expects everyone carrying out Council business to protect the public purse and to report suspicions of dishonest behaviour. The promotion of a strong anti-fraud culture will deter potential fraudsters and those considering wrongdoing, as well as encouraging a safe environment in which individuals can feel comfortable to raise concerns, without fear of reprisals or victimisation.

Acknowledge

The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.

The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Member Code of Conduct;
- Officer Code of Conduct;
- Anti-money Laundering policy;
- Financial Procedure Rules;
- Procurement Procedure Rules.

Prevent

The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and councillors) as documented in the Council's Code of Conduct (and set out under the 'Seven principles of public life' heading later in this strategy).

The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection guidance. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

Where system weaknesses are identified following an investigation into a suspected financial irregularity, these will be recorded, and controls will be recommended to minimise future occurrences.

Pursue

Fraud, corruption, and malpractice will not be tolerated and where it is identified the Council will deal with proven wrongdoings in the strongest possible terms, including:

- Disciplinary action;
- Reporting to the Police or other external agencies;
- Prioritise the recovery of any losses on behalf of the taxpayer, including use of criminal or civil legal action through the Courts.

Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive, independent, and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.

The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the alleged irregularity and to enable a decision to be made as to a sound course of action.

The Chief Finance Officer may decide to utilise the resources of the Orbis Internal Audit Counter Fraud Team. The decision will be based upon the seriousness of the case, and/or whether specialist skills are required, depending upon the nature of the investigation. In such instances, Internal Audit will work closely with management and where appropriate, other local authorities or other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.

Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Chief Finance Officer and the relevant senior managers. Any referral made to the Police will not prohibit action under the Council's disciplinary procedure.

In cases of alleged theft, fraud, corruption, or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has submitted their resignation.

Where Internal Audit are involved in the investigation of allegations of suspected financial irregularities, all completed investigations will include a review of lessons learned which may result in the production of an Internal Control Report for management. This aims to identify where there are any gaps or weaknesses in the system of internal control which contributed to the ability of the identified fraud, theft, corruption, or other irregularity to be perpetrated. This report will contain actions for management which will aim to close these gaps in control. These actions will be monitored and reported upon, in line with Internal Audit's action tracking process.

Seven Principles of Public Life

The Council is committed to the highest ethical standards as set out in the Code of Conduct. We believe the 'seven principles of public life' are the foundation of a strong anti-fraud culture and we expect all Members, officers and contractors to follow these principles, as well as all legal rules, policies and procedures.

The seven principles of public life and a brief explanation are listed below:

Principle	You should...
Selflessness	Act solely in terms of the public interest and not for the purpose of gain for yourself, family or friends.
Integrity	Avoid placing yourself under any obligation to people or organisations that might seek to influence you in your work.
Objectivity	Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability	Be accountable to the public for your decisions and actions and submit yourself to scrutiny as appropriate.
Openness	Act and take decisions in an open and transparent manner. Information should only be withheld from the public if there are clear and lawful reasons for doing so.
Honesty	Be truthful. This includes declaring any conflicts of interest and taking steps to resolve such conflicts.
Leadership	Actively promote and support these principles by applying them to your own behaviour and challenging poor behaviour.

Definitions

Fraud - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Theft - Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, consumables, machinery, or even data. Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or Members whilst on Council property.

Obtaining Services Dishonestly – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

Bribery – is ‘the offering, promising, giving, soliciting, agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function’ under The Bribery Act 2010.

Corruption – is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets or meals.

Money laundering – is the process of converting illegally obtained money or assets into ‘clean’ money or assets with no obvious link to their criminal origin.

This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Procedure Rules, Contract Procedure Rules, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.