BDO Assessment of the draft Anti-Fraud and Corruption Policy 2020-2024

The Government Function Standards for counter fraud were published in June 2020 and outline the expected standards for managing fraud, bribery and corruption in all government organisations. These are expected to be rolled out across all public sector organisations, including local authorities.

The Standards are listed below. They include one which relates to having a counter fraud policy and response plan for dealing with potential instances of fraud, bribery and corruption:

Government Functional Standards: Counter fraud organisational basics checklist

1. Have an **accountable individual** at board level who is responsible for counter fraud, bribery and corruption;

2. Have a **counter fraud, bribery and corruption strategy**;

3. Have a **fraud, bribery and corruption risk assessment**;

4. Have a **policy** and **response plan** for dealing with potential instances of fraud, bribery and corruption;

5. Have an **annual action plan** that summarises key actions to improve capability, activity and resilience in that year;

6. Have **outcome based metrics** summarising what outcomes they are seeking to achieve that year.

7. Have well established and documented **reporting routes for staff, contractors and members of the public** to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations;

8. Will **report identified loss** from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions;

9. Have agreed **access to trained investigators** that meet the agreed public sector skill standard;

10. Undertake **activity to try and detect fraud** in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable;

11. Ensure all staff have **access to and undertake fraud awareness, bribery and corruption training as appropriate to their role**;

12. Have **policies and registers for gifts and hospitality and conflicts of interest.**

Under this standard there is more detailed guidance on the required information to be included in the policy and response plan. We have used this to assess the council's draft policy below:

The policy should set out:	Rushcliffe's policy:
the standards of expected behaviour, including how they align to the civil service code.	Yes, The policy includes the expected roles and responsibilities for employees, elected members and contractors/suppliers under each heading. This includes how they can report any concerns indicating fraud, as well as their responsibilities for preventing fraud before it occurs.
how fraud and corruption is defined in the organisation with reference to current legislation and government definitions	Yes, There is a definition of fraud and reference to current legislation in the opening section of the policy. The definition has been updated to include more information.
how the organisation deals with fraud, bribery and corruption, including activity to find fraud	Yes, The policy includes the fraud response plan which outlines how the council will deal with any allegation received. New sections (3.6 & 4.4) have been included to outline how proactive exercises to identify and prevent fraud will be considered for high risk areas. This should be sufficient as there will not be many high risk areas.
the organisation's approach to fraud risk assessment	In line with the Government Functional Standards (see below), the policy now outlines how the council will complete an organisation wide risk assessment every three years, with detailed risks assessments into high risk areas. The organisation wide risk assessment can be completed by Internal Audit as part of the 2020/21 audit plan
staff and management responsibilities within the organisation for countering fraud, bribery and corruption	Yes. As above, the policy includes the expected roles and responsibilities for employees, elected members and contractors/suppliers under each heading. This includes how they can report any concerns indicating fraud, as well as their responsibilities for preventing fraud before it occurs.
how the organisation will continue to improve based upon lessons learnt	Yes. An additional section (4.21) has been added in relation to sharing lessons learnt following an investigation.

	Section 3.7 also now references lessons will be shared following any proactive exercises
The response plan should set out:	Rushcliffe's policy:
where individuals can report potential instances of fraud and corruption	Yes, this is included within the Culture section of the policy rather than the response plan. However these are both in the same document so not an issue.
how the organisation deals with individual items of intelligence from reporting routes and other sources	The response plan is quite high level so doesn't go into detail on how individual pieces of intelligence will be handled. However the plan does cover who will be responsible for reviewing the information for each type of allegation, and also highlights how information must remain confidential. As the council isn't getting a significant number of allegations I think the high level response plan covers sufficient information.
how the organisation responds to instances of fraud, bribery and corruption	Yes, there is sufficient information within the policy overall to understand how the council responds to instances of fraud. As noted above, this has been extended to include how lessons are learnt following any investigation.
how the organisation monitors the progress of any investigations, and takes decisions on them	Yes, under each type of fraud investigation it outlines who should be notified and kept informed of the progress of the investigation.
the roles and responsibilities of staff, teams and individual functions in responding to instances of fraud, bribery and corruption	Yes, within the response plan there are roles and responsibilities outlined for each type of fraud.
how this information should be reported both within the organisation, and to other relevant organisations (including law enforcement agencies)	Yes, within the Prevention section of the policy there is a section on sharing information with other organisations. The fraud response plan also highlights the Chief Executive and s151 Officer are responsible for deciding what allegations should be shared with the police, and Internal Audit are responsible for working alongside the police during their investigation.

Government Functional Standards: Fraud risk assessments

Organisations should have a fraud, bribery and corruption risk assessment.

The organisation should undertake varying levels of risk assessments including:

   • a high-level fraud, bribery and corruption risk assessment that gives an overview of the main risks and challenges facing the organisation to the board

   • an intermediate fraud, bribery and corruption risk assessment that extends to departmental functions, programmes or major areas of spend

   • a detailed fraud, bribery and corruption risk assessment that covers individual business units, projects or programmes

Organisations should have a high-level risk assessment and some detailed risk assessments in the highest risk areas.

Intermediate assessments are advisable in larger organisations with a wide range of payment or service streams.

Organisations should undertake fraud, bribery and corruption risk assessments on a regular basis. They should be seen as an on-going process, rather than a standalone exercise.

Other Key Documents from the Government Standards the Council should have in place:

Organisational counter fraud strategy

Organisations should have a counter fraud, bribery and corruption strategy, which should be approved by the organisation's board or executive risk committee. The strategy may consist of a single overarching strategy or separate strategies (counter fraud as one, bribery and corruption as the other) depending on how the organisation is structured.

The strategy should set the direction and desired outcomes relating to counter fraud, bribery and corruption over the next 2 to 5 years, including:

   • an assessment of the main risks and challenges facing the organisation

   • an assessment of how the fraud landscape may change

   • where the organisation wants to be in the next 2 to 5 years

   • how it will actively counter fraud, bribery and corruption and develop its response

   • objectives for the period of the strategy

The strategy should be informed by a fraud, bribery and corruption risk assessment and remain relevant to changes in the internal and external environment.

Annual action plan

Organisations should develop and maintain annual action plans to show how the organisation's counter fraud, bribery and corruption strategy is to be implemented.

The plan should include actions to improve capability and resilience, and should target

areas of improvement, as opposed to business as usual activity.

The annual action plan should:

- state the objectives and outcomes being targeted
- describe prioritised improvement activities, with milestones for delivery • set accountability for the delivery of each activity
- be tracked and maintained so that progress against the plan can be monitored and reviewed
- be reviewed and updated in year as required

Outcome based metrics

Organisations should define the outcomes they are seeking to achieve that year, and should have metrics to measure whether the targeted outcome has been achieved. For organisations with a significant investment in counter fraud or a significant estimated fraud loss, these should include metrics with a financial impact.

Metrics with a financial impact should be based on a targeted value of prevented and/or detected fraud against a baseline to measure improvement over time.

Organisations should target an increase in the total amount of detected fraud and/ or loss prevented from their counter fraud strategy.

Claire Baker,
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