PURPOSE OF THE REPORT
This report presents to Standards Committee for overview the GMCA Whistleblowing Policy and the arrangements for the introduction of an Anti-Fraud and Corruption Strategy.

RECOMMENDATION
Standards Committee are required by virtue of the constitution to have an oversight of the Whistleblowing Policy and are requested to approve the arrangements for the review of this policy and introduction of the Anti-Fraud and Corruption Strategy for 2017/18.

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PRIORITY
The prevention and detection of fraud and corruption helps protect financial assets, ensure legality and maintain a positive reputation for the GMCA. In demonstrating a zero tolerance approach to fraud and corruption the GMCA promotes confidence with officers, Members, stakeholders and the public and by investigating issues of potential fraud or corruption the GMCA demonstrates transparency, openness and a willingness to address matters of wrongdoing.

BACKGROUND DOCUMENTS
Reports presented to Audit Committee:
Anti Fraud and Corruption Policies 2012.

RISKS/IMPLICATIONS
Financial: Cost of Internal Audit Services within GMCA budget.
Staffing: No impact
Policy: No impact
Equal Opportunities – Has a Diversity Impact Assessment been conducted

TRACKING/PROCESS
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board
No

EXEMPTION FROM CALL IN
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?
No

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1 Introduction and Purpose of the Report

1.1 In accordance with the Accounts and Audit Regulations and the principles of good governance the Greater Manchester Combined Authority (GMCA) is required to maintain appropriate systems of internal control, including arrangements to prevent and detect fraud and corruption.

1.2 The GMCA Standards Committee is by virtue of the constitution required to have an oversight of the Authority’s Whistleblowing Policy and to review the Anti-Fraud and Corruption Strategy.

1.3 The purpose of this report is to provide Members with details of the current Anti-Fraud and Corruption Policies, which include the Whistleblowing Policy. It also sets out the proposed approach for the review and update of these documents along with the introduction of an Anti-Fraud and Corruption Strategy for 2017/18.

2 Background and Context

2.1 The GMCA is committed to ensuring that the people of Greater Manchester can have complete confidence that the affairs of the GMCA are conducted in accordance with the highest standards of probity and honesty.

2.2 In seeking to ensure this commitment is met, the GMCA has an Anti-Fraud and Corruption Policy and Framework which establish its overall approach to combating fraud, corruption and wrongdoing. Below this there are other anti-fraud related policies, supporting procedural documents and behavioural codes which describe the arrangements in place for preventing, detecting and investigating fraud and error. These together with a strong internal control environment are the main methods to help protect the GMCA against the risk of fraud.

2.3 The approach outlined below was established in 2012 and demonstrates the central oversight role of the GMCA and how repetition or duplication has been avoided with arrangements across the constituent Local Authorities and TfGM.

- GMCA approved the specific GMCA anti-fraud and corruption policies.
- GMCA adopted the detailed anti-fraud and corruption procedures of the then GMCA Statutory Officers employing authority (Manchester City Council).
- The GMCA Head of Audit and Risk Management engaged with the relevant Local Authority Heads of Internal Audit on any issues of concern where they related to Local Authority issues, assets, people or processes.

2.4 The full suite of anti-fraud and corruption policies were last presented to the GMCA Audit Committee in January 2012 and subsequently approved for adoption by the CA. The approval gave delegated authority to the GMCA Treasurer to amend the written procedures in the future, as required, to ensure they remain fit for purpose.
3 Current Policies and Procedures

3.1 The latest Manchester City Council update includes policies and procedures for anti-fraud and corruption, anti-bribery and whistleblowing. These are summarised below and provided at Appendices 1-3. In addition there is an anti-money laundering policy however this does not appear to have relevance to the GMCA as it relates to the arrangements in place to prevent and detect attempts to launder money through Council services. It is the assessment of the Head of Internal Audit and Risk Management that such risks are not directly relevant to the activities of the GMCA at this time.

- Anti-Fraud and Corruption Policy Statement: Sets the tone, overall context and affirms a zero tolerance approach to fraud and corruption. It links to procedures setting out actions that will be taken should fraud or corruption be suspected or identified.

- Anti-Bribery Policy: Refers specifically to the Bribery Act 2010 and that the GMCA will not tolerate the giving or receiving of bribes. Further work will be required in conjunction with Head of Audit of the constituent Local Authorities to ensure that “reasonable procedures” are in place across GMCA activities to prevent and detect bribery.

- Whistleblowing Policy: Whistleblowing is one of the key means for identifying potential fraud, irregularity or wrongdoing. The policy emphasises that the GMCA has established arrangements to enable staff, stakeholders or the public to be able to raise matters of concern in relation to fraud, corruption, bribery or other wrongdoing. In adopting the GMCA Statutory Officers employing authority procedures such concerns will be raised with the GMCA Head of Audit and Risk Management in writing, through a whistleblowing hotline or in person. They will then be risk-assessed and appropriate actions taken to investigate the concerns. This could include referral to constituent Local Authorities. It should also be noted that each District Council and TfGM have their own individual whistleblowing arrangements, which reflect the principles and practices outlined in the GMCA policy, with the reporting of headline issues and referrals to the Authority’s Head of Audit and Risk Management

3.2 Whilst the GMCA does have an established counter fraud approach this has not to date been articulated into a single strategy document. However a Strategy would be beneficial for the GMCA from 2017/18 to outline the overall approach to be adopted to protect the public funds entrusted to it against fraud and loss. An example Strategy from Manchester City Council is attached at Appendix 4 which articulates the key objectives, priorities, responsibilities and activities within each of the component areas of counter fraud; namely acknowledge, deter, prevent, detect, investigate and pursue.

4 Proposal for Policy Updates

4.1 The Internal Audit Plan for 2016/17 as approved by the GMCA Audit Committee included five days for counter fraud activity, the key priorities were identified as:

- Review and refresh of policy and procedure documentation.
- Introduction of a counter fraud strategy.
• Update details on the GMCA website to reflect latest policies and protocols.

4.2 With the introduction and review of any policy documentation, the GMCA Head of Audit and Risk Management updates these alongside Local Authority Heads of Internal Audit as well as the Head of Audit and Assurance for TfGM. However, given the current plans for the consolidation of additional functions including the Office of the Police and Crime Commissioner and GMFRS into the GMCA over the next six months, a full review is required to reflect these changes in GMCA functions and governance and have a consistent and transparent approach in place from April 2017.

4.3 As a result of these changes, over the next few months the current policy framework, which remains both relevant and sufficient, will be retained in the interim period until the transition arrangements have been further progressed both up to and following April 2017.

4.4 Work will be undertaken in the next six months to review roles and responsibilities in relation to anti fraud and corruption. These will result in revised policy documentation and a new GMCA counter fraud strategy for use in 2017/18.

5 Next Steps

5.1 The Head of Audit and Risk Management will support the GMCA Treasurer in the development of a future operating model for audit and assurance that includes a proposed counter fraud approach, policy framework and strategy for 2017/18 and beyond which reflects the new functions of the GMCA and the GM Mayor.

5.2 The Head of Audit and Risk Management will report back to both Audit Committee and Standards Committee on progress in relation to this matter within the next 12 months.
Appendix 1: Anti Fraud and Corruption Policy Statement

1.1 The Greater Manchester Combined Authority (GMCA) has a zero tolerance approach to fraud and illegal activity. This Anti Fraud and Corruption policy describes our overall approach to combating fraudulent activity against the GMCA and sits above related anti fraud policies and procedures which form part of the GMCA’s approach to managing the risk of fraud.

1.2 The GMCA is committed to ensuring that the people of Greater Manchester can have complete confidence that the affairs of the GMCA are conducted in accordance with the highest standards of probity and accountability. The GMCA is, consequently, committed to combating fraud and corruption wherever it may arise in relation to any of the GMCA’s activities and involving any Members or officers of the GMCA or members of the public or other third parties.

1.3 As is the case with all constituent Local Authorities, the GMCA expects Members and officers to demonstrate the highest standards of honesty and integrity in the conduct of their GMCA duties. This includes compliance with appropriate legislation, relevant Local Authority Member and Employee codes of conduct, GMCA Financial Regulations, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular activity.

1.4 The GMCA is committed to establishing and maintaining effective arrangements to prevent fraud and corruption. The GMCA recognises, however, that fraud and corruption cannot always be prevented and so effective arrangements have been established to detect and investigate all incidents or situations where fraud and corruption is suspected. These arrangements are contained within the detailed procedural guidance for the GMCA Statutory Officers employing authority which should be read in conjunction with this policy.

1.5 The GMCA Head of Audit and Risk Management will actively liaise with Heads of Internal Audit at constituent Local Authorities on matters of potential fraud or corruption relating to Local Authority budgets, staff or Members. This will help ensure that the GMCA and relevant Local Authority work together in the assessment, evaluation, investigation and reporting of matters of potential fraud and corruption.

1.6 The GMCA will not tolerate dishonesty on the part of any of the members or officers of the GMCA or any persons or organisations involved in any way with the GMCA. Where fraud or corruption is detected the GMCA will work with constituent Local Authorities to rigorously pursue appropriate action against the persons concerned including legal and / or disciplinary action, including dismissal.

1.7 The GMCA is committed to creating and maintaining an anti fraud and corruption culture and this includes establishing arrangements which enable employees, or other persons, to express concerns and suspicions without fear or repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.
1.8 The GMCA is committed to working constructively with the police and other relevant agencies in relation to combating fraud or corruption within the GMCA or within the wider community.

1.9 The GMCA will seek to ensure that the stance on anti-fraud and corruption is widely publicised. All employees and members of the GMCA and Heads of Internal Audit at constituent Local Authorities will be made aware of this policy.
Appendix 2: Anti Bribery Policy

1.1 The Greater Manchester Combined Authority (GMCA) has a zero tolerance approach to fraud and corruption and is committed toward the prevention, detection and investigation of acts of bribery.

1.2 This anti-bribery policy sets out the GMCAs stance on bribery and corruption and should be read in conjunction with the GMCA anti-fraud and corruption policy and both GMCA and constituent Local Authority Employee and Member codes of conduct.

1.3 This policy applies to Members and all officers employed by and working on behalf of the GMCA. The GMCA will apply the procedural guidance for the GMCA Statutory Officers employing authority which should be read in conjunction with this policy which details the approach which GMCA staff must follow to enable the GMCA to comply with its legal obligations.

1.4 The GMCA Head of Audit and Risk Management will actively liaise with Heads of Internal Audit at constituent Local Authorities on matters of potential bribery relating to Local Authority budgets, staff or Members. This will help ensure that the GMCA and relevant Local Authority work together in the assessment, evaluation, investigation and reporting of matters of bribery.

1.5 Bribery is defined as: "the offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an official in the discharge of his or her public or legal duties."

1.6 The Bribery Act 2010 made it an offence to:

- offer, promise or give a bribe (Section 1);
- request, agree to receive, or accept a bribe (Section 2);
- bribe a foreign public official in order to obtain or retain business (Section 6); and
- the Act also introduced a new corporate offence of failure by a commercial organisation to prevent bribery in the course of its business (Section 7).

1.7 The GMCA recognises that any Member or officer engaging in bribery will reflect adversely on its reputation and of the public sector in general.

1.8 To limit this risk to exposure to bribery the GMCA will:

- adopt a clear anti-bribery policy and apply the procedures of the GMCA Statutory Officers employing authority as part of the GMCAs approach to anti fraud;
- make all GMCA staff aware of their responsibilities to adhere strictly to this policy at all times;
- train relevant staff so that they can recognise and avoid the use of bribery by themselves and others;
- encourage staff to be vigilant and to report any suspicion of bribery;
ensure that relevant business partners are aware of the anti-bribery policy and that their staff must abide by it;

ensure that its policies and control systems are audited regularly to ensure they are fit for purpose;

address conflicts of interests and the risks created by gifts and hospitality through corporate policies, and

in conjunction with constituent Local Authorities, take firm disciplinary action against any Member or officer, who engages in bribery and assist the police and other appropriate authorities in any resultant action.

1.9 The GMCA prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement;

• to or from any person or company, wherever they are situated and whether they are: a public official or body, a private person, a company, any individual employee, agent or other person or body acting on the GMCA's behalf;

• in order to gain any commercial, contractual or regulatory advantage for the GMCA in a way which is unethical;

• in order to gain any personal advantage, financial or otherwise for the individual, the council, or partner organisations, or anyone connected with said parties.

1.10 Officers are forbidden from accepting any inducement which would result in a personal gain or advantage to the briber or any person(s) or third parties associated with them.

1.11 Any officer found to be involved in bribery is liable to disciplinary action or dismissal from the constituent Local Authority and prosecution.

1.12 Any supplier found to be involved in bribery is liable to have their contract terminated. The GMCA will actively pursue the recovery of any costs or financial loss incurred as a result of such termination.

1.13 This policy does not preclude the existing GMCA or constituent Local Authority rules around gifts, hospitality and sponsorship, and personal interests both financial and non financial.
Appendix 3: Whistleblowing Policy

1.1 The Greater Manchester Combined Authority’s (GMCA) Whistleblowing Policy is a vital element of our anti-fraud, corruption and governance arrangements and our commitment to prevent and detect cases of fraud, corruption or other irregularity. This policy is supported by detailed procedural guidance and should be read in conjunction with the Anti-Fraud and Corruption policy.

1.2 The GMCA will apply the procedural guidance for the GMCA Statutory Officers employing authority which should be read in conjunction with this policy (link to MCC procedures) which details the approach to be followed in dealing with whistleblowing concerns.

1.3 The GMCA Head of Audit and Risk Management will actively liaise with Heads of Internal Audit at constituent Local Authorities on whistleblowing matters that relate to Local Authority matters, staff or Members. This will help ensure that the GMCA and relevant Local Authority work together in the assessment, evaluation, investigation and reporting of whistleblowing matters.

1.4 The GMCA is committed to the highest possible standards of openness, probity and accountability and will not tolerate malpractice or wrongdoing. The GMCA is therefore committed to a policy which seeks to protect individuals who make certain disclosures with regard to any instance of malpractice or wrongdoing and to investigate them in the public interest.

1.5 Whistleblowing is the process for raising a concern about suspected wrongdoing, in order that this can be addressed.

1.6 Employees would normally be expected to raise any concerns initially with their line manager or within the existing line manager structure. This applies both within the GMCA and within constituent Local Authorities. However, this may depend on the seriousness and sensitivity of the issues and who is involved. In some circumstances, the whistleblower may be forced to raise their concerns outside the normal management reporting line.

1.7 The whistleblowing policy and guidance is the mechanism by which employees of the GMCA or others are encouraged to raise genuine concerns about aspects of the GMCA’s work or those who work for the GMCA.

1.8 The policy is not to be used where other more appropriate reporting procedures are available. There are existing procedures which enable employees to lodge a grievance relating to their conditions of employment, raise matters of harassment or to make a complaint. This policy covers concerns that fall outside the scope of these existing procedures.

1.9 The aims of the policy are to:

- provide for a culture of zero tolerance toward fraud and corruption;
• encourage employees and others with serious concerns about any aspect of the GMCA’s work to feel confident to come forward and voice those concerns; in particular concerns relating to:
  o Malpractice, fraud and corruption.
  o Illegal or criminal offences.
  o Health and safety risks.
• provide ways for employees to raise concerns at an early stage and in the right way and enable them to get feedback on any action taken;
• ensure that employees know what to do if they are not satisfied with actions taken; and
• provide safeguards to reassure those who raise concerns in good faith, that they can do so without fear of reprisals or victimisation.
1.10 The GMCA will seek to ensure that the GMCAs stance on whistleblowing is widely publicised and that employees have access to appropriate guidance.
Counter Fraud and Irregularity Strategy 2014-2016

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Version Control
V1.0 Approved by Head of Audit and Risk Management for CT and CS Comment
1. Introduction

1.1 Manchester City Council has a zero tolerance of fraud and corruption. This is confirmed in the Anti Fraud Policy and this Strategy sets out the approach being taken to deliver the policy aims and objectives.

1.2 Minimising fraud and irregularity is essential, never more so than in times of austerity, to ensure that resources intended to provide essential services to Manchester communities are used for that purpose. Fraud committed against the Council is a theft of taxpayers’ money, can cause reputational damage and a loss of confidence amongst the public or stakeholders and have an adverse effect on staff morale. Through effective counter-measures the Council can reduce the risk of error, loss and fraud. These include arrangements to acknowledge, deter, prevent detect, investigate and prosecute wrongdoing.

1.3 Minimising fraud and irregularity is everyone’s business. Whilst specialist teams have a key role, the Council expects the highest standards of probity, propriety and conduct from all Members, employees and contractors. This includes a requirement to act lawfully and to comply at all times with the Council’s policies, procedures and regulations.

1.4 Minimising fraud and irregularity is a continual process. Whilst practical arrangements will evolve over time to reflect changes internal and external to the organisation, there is a constant need for vigilance and appropriate action to address risks. Change arising from financial pressures; growth of alternative models to commissioning and service delivery; and continued development of collaborative, integrated and joint working require the approach to be regularly reviewed and refreshed. Current change also includes transfer of the Council’s benefit fraud investigation resources to the Single Fraud Investigation Service (“SFIS”) in DWP, which is due for completion by February 2016.

1.5 Minimising fraud and irregularity can be complex. The legislative and policy framework in relation to counter fraud is extensive including but not limited to; Regulation of Investigatory Powers, Prevention of Social Housing Fraud Act 2013, Proceeds of Crime Act 2002, the Bribery Act 2000 and Money Laundering Regulations 2007. This is in addition to the Council Constitution and Codes of Conduct that are based on a wide range of other legislation.

1.6 To deliver successfully against the Anti Fraud Policy and given the scale and pace of change within the organisation, the impact of SFIS and modest, additional CLG counter fraud funding secured for the period 2014-16, the Council’s approach and key priorities for the next two years is confirmed in this Strategy.
Objectives

1.7 The key aim of the Counter Fraud Strategy is to ensure that public funds entrusted to the Council are protected against fraud and loss. To do these the key objectives of this strategy are:

| Acknowledge | Continue development of the ‘anti-fraud’ culture which highlights the Council’s zero tolerance of fraud, corruption and theft, defines roles and responsibilities and actively engages everyone including service users, the public, Members, staff, schools, contractors and partners. |
| Deter | |
| Prevent | Provide a centralised best practice counter fraud service in Internal Audit which: |
| Detect | • proactively detects error, loss, fraud, corruption and theft; |
| Investigate | • Investigates suspected or detected fraud, corruption and theft; |
| Pursue | • Enables the Council to apply appropriate sanctions and recover losses wherever possible; |
| | • Works in effective collaboration with services across the Council and with partners to support counter fraud activity; and |
| | • Drives action to inform policy, system and control improvements, thereby reducing the Council’s exposure to fraudulent activity. |

1.8 The effectiveness of this strategy will be subject to regular review, by the Head of Internal Audit and Risk Management, Section 151 Officer and the Audit Committee.

Definition

1.9 Throughout this document the term fraud and irregularity has been used to refer to acts of corruption, fraud, bribery, money laundering, wrongdoing, loss and error.

Scope

1.10 This Strategy and associated policies apply to the activities of all Council employees and Members. The Strategy does, however, apply to Council engagement with consultants, contractors, suppliers, schools, Council funded voluntary bodies and individuals, partners and any other external agencies.
2. **Policy Framework for Preventing Fraud and Irregularity**

2.1 This Strategy is part of the Council’s overall Counter-Fraud Policy Framework and should be read in conjunction with the Constitution, Financial Regulations, Disciplinary Procedures, Standards of Conduct Procedure for Employees and other related policies and procedures.

2.2 The Terms of Reference for the Audit Committee include the review of effectiveness of anti-fraud and corruption arrangements throughout the Council. To support the Audit Committee in this role the Head of Internal Audit and Risk Management reports annually on the policy framework and in particular the level of fraud detected. The Committee, within its Terms of Reference oversee changes to the Counter-Fraud Policy Framework.

2.3 The key documents comprising the Counter Fraud Policy Framework are:

a. **Anti-Fraud and Corruption Policy:** Identifies a number of key principles outlining the overall approach to combating fraudulent activity against the Council.

b. **Counter Fraud Strategy:** sets out priorities, objectives and actions to respond to identified fraud risks.

c. **Whistleblowing Policy:** Explains how members, employees, agency staff, schools, contractors and members of the public can raise concerns about suspected fraud and other malpractice in a confidential manner.


e. **Anti-Bribery Policy:** Explains how the Council will act to minimise the exposure to bribery risk and prohibits the offering, solicitation or acceptance of bribes or inducements.

f. **Corporate Complaints Policy:** Provides guidance for Council officers to deal with complaints within agreed standards. Complaints can be one way in which individuals submit concerns and allegations regarding fraud and irregularity.

g. **Enforcement Policy:** Outlines the approach to enforcement and lays down the principles which will be followed in deciding upon and taking action.

h. **Fraud Risk Assessment:** Sets out the fraud risks facing the Council based on events which have occurred, intelligence of events occurring elsewhere and issues which may represent a potential future threat.
3. Roles and Responsibilities

3.1 Appendix A sets out the key roles and responsibilities of officers and services responsible for the delivery of this strategy.

3.2 Leadership for the delivery of the Counter Fraud and Irregularity Strategy resides with the City Treasurer (S151 Officer) and the Head of Audit and Risk Management. Governance of the strategy and delivery of key responsibilities resides with the Audit Manager and the Internal Audit Section.

3.3 Service areas also contribute to the delivery of the strategy, including but not limited to Revenues and Benefits, Blue Badges, Trading Services and Enforcement Teams as these teams lead the prevention and detection of error, irregularity and fraud in their areas of responsibility.

3.4 Expert, corporate support in addressing fraud and irregularity risks is provided by HROD, Corporate Procurement, ICT, Legal Services and Finance.

3.5 All strategic directors, managers and staff have a responsibility for remaining aware of the risks of fraud and irregularity, for obtaining assurance that these are being appropriately addressed and for raising risks or issues with senior management and internal audit.

3.6 Member roles and responsibilities in relation to the prevention of fraud and corruption are discharged through the Audit Committee in conjunction with Standards Committee and Executive. These roles are detailed within the Council’s Anti-Fraud and Corruption Policy and the Council’s Constitution.

4. Approach to Countering Fraud

4.1 A dedicated and specialist resource within the Internal Audit Section develops and co-ordinates the Council’s overall approach to protecting its assets and finances from fraud, corruption, bribery and loss. Work is focused within each of the key elements of acknowledge, deter, prevent, detect, investigate and recover.

4.2 Fraud by its very nature is hidden, and conducted in such a manner that fraudulent acts are actively concealed. It is therefore vital to maintain a strong anti-fraud culture, and advocate a zero tolerance approach. This not only provides a deterrent to potential fraudsters, but also encourages an environment where individuals feel comfortable coming forward to raise concerns.
4.3 This Strategy is informed by the Council’s objectives and has incorporated guidance and best practice on combating fraud within local government, devised from a number of different sources including:

- National Fraud Authority (NFA): Fighting Fraud Locally – The Local Government Fraud Strategy
- National Fraud Authority: Annual Fraud Indicator June 2013
- Audit Commission: Protecting the Public Purse 2014
- CIPFA Managing the Risk of Fraud
- Protecting the English Public Purse TEICAF 2015

4.4 Nationally recognised fraud risks reported across the sector and which this Strategy seeks to assure and address are:

- Employee
- Contracts, Commissioning & Procurement
- Right To Buy
- Social Care
- Schools
- Insurance
- Third Party Grants etc
- Housing Tenancy
- Council Tax Reduction

Culture

4.5 The Council is committed to the highest ethical standards of corporate and personal conduct. The three fundamental public service values of accountability, probity and openness and a strong anti-fraud culture are a key element of the defence against fraud, corruption and bribery. Codes of Conduct, policies and procedures promoted across the Council are consistent with the ‘Seven Principles of Public Life’ put forward by the Nolan Committee and The Council expects all staff, including contractors and Members to make themselves aware of and follow these principles. Further information can be found at [http://www.public-standards.gov.uk/](http://www.public-standards.gov.uk/)
**Deterrence**

4.6 The Council develops and promotes a strong counter fraud culture. Internal Audit and other services work with HROD and Communications to raise staff and public awareness which include the following:

- Prominent publication and communication of the Council’s zero tolerance stance against fraud and the overall strategy for combating it.
- Making clear to staff and residents how and to who they can report concerns.
- Delivering a fraud awareness programme including workshops and training, to ensure the profile of fraud risk remains high in particular amongst Council staff and Members but also contractors and partners.
- Publicising the results of pro-active work and the Council’s success in identifying and taking strong action against fraudsters.

**Prevention**

4.7 Prevention is often the best and most efficient way to tackle fraud and prevent losses to the Council. This requires a robust control environment. Wherever appropriate and cost effective to apply, the Council will design and implement controls to prevent fraud and irregularity. Internal Audit will continue to work with managers and core services including Legal, HROD and Finance to ensure new and existing systems, procedures and policy initiatives consider fraud risks.

4.8 As part of its annual Internal Audit plan and in particular the pro-active counter fraud work the Internal Audit Section reviews those areas of activity deemed to be at greater risk to fraud and corruption and works with management to recommend suitable, preventative controls and confirm these are implemented as planned.

**Detection**

4.9 Internal Audit maintains a centralised log of all fraud and irregularity referrals received within the Section. The log helps to assess areas within the Council most vulnerable to the risk of fraud. This enables a Council wide fraud profile to be created which informs audit work aimed at detecting existing and new types of fraudulent activity. This knowledge also informs and helps direct the allocation of staff resources across the audit team ensuring a flexible approach is maintained and sufficient coverage is obtained across both the reactive and proactive counter fraud programmes as well as wider planned audit work.
4.10 A range of actions are already in place in relation to the detection of fraud, irregularity and loss:

- All staff are expected to comply consistently and routinely with internal controls designed to bring data anomalies and other indicators of fraud to the attention of management. As with preventative controls, the Council’s Internal Audit Section reviews the adequacy of fraud detection controls in key systems and makes recommendations for weaknesses to be addressed.

- The Council participates fully in the National Fraud Initiative (NFI) and remains open to participation in other relevant national or regional opportunities to detect fraud through data-matching exercises.

- Internal Audit carries out targeted, analytical reviews of key systems and services to identify indicators of fraudulent activity.

- The Council’s Whistleblowing Policy is prominently publicised to encourage staff, Members, contractors and partners to raise any genuine suspicions they may have.

- Services across the Council participate in national and regional counter-fraud networks and take prompt action to review the relevance to the Council of alerts or issues shared across these groups.

4.11 Changes and developments in the Council’s internal systems and procedures may adversely impact upon the established controls to prevent fraud. The impact on the fraud risk in changing systems and procedures will be evaluated through timely liaison between the business and Internal Audit to help minimise the exposure to risk.

Investigate

4.12 Where there are genuine grounds to suspect fraud, irregularity or corruption, the Council is committed to ensuring that all cases are investigated promptly, effectively and fully. The Council has developed a Fraud Response Plan (Appendix B) to be followed in all cases.

4.13 All matters involving suspected criminal activity are referred to the Police at the earliest opportunity. The referral decision will be taken jointly by the City Treasurer (Section 151 Officer) or the City Solicitor (Monitoring Officer) or their nominated representatives.

4.14 In support of the Council’s zero tolerance stance, there shall be a general presumption that the Council will request the Police charge offenders in all cases of fraud, corruption, bribery and theft. The Section 151 Officer (or representative) and the Monitoring Officer (or representative) will apply the Enforcement Policy on a case by case basis. Where the Police or Crown Prosecution Service decide not to charge offenders, the Council will consider bringing private prosecution, to be considered on a case by case basis.

4.15 The Internal Audit Section regularly liaises with colleagues from HROD and Legal Services regarding casework, in particular where fraud or corrupt acts have been
committed by an employee of the Council. In such circumstances it may be decided not to pursue matters further until any external investigations and/or enforcement action are concluded.

Recovery of Losses Incurred

4.16 A crucial element of the Council’s response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an important part of the Strategy and where it is practical, action will be taken to recover the loss from the individual or organisation concerned. Where criminality has been proven then the Proceeds of Crime Act 2002 may where appropriate be used to recover funds. Other methods of recovery may include, but are not confined to:

- civil proceedings;
- recovery of pension contributions from employees;
- unlawful profit orders and compensation orders;
- bankruptcy if it is believed the individual has a poor history of paying; and
- recovery from future salary payments.

Fraud Awareness and Training

4.17 During the period covered by this Strategy, work will be undertaken to update the fraud risk assessment and together with other indicators this will be used to identify where further opportunities and requirements for counter fraud training may be appropriate. Consideration will be given to a range of media including e-learning, workshops, newsletters, intranet and cascade of key messages. The effectiveness of training and other fraud awareness activities will be evaluated to inform future planning.

4.18 The Internal Audit Section will establish a training plan to enhance employees’ ability to deliver the Strategy. The specific content of the training will be subject to review as part of the Annual Fraud Report, but its key components are likely to include the following:

- Requirement for key staff, particularly line managers, to complete a periodic fraud awareness survey.
- Qualification training for staff responsible for the investigation of suspected fraud.
- Targeted training for key staff likely to use the Fraud Response Plan.
- Targeted training on audit software and tools for key staff likely to participate in data matching exercises.
5. **Joint and Collaborative Working**

5.1 Fraud does not always fit neatly within the boundaries of the Council or the City. Given the range of partnerships and collaboration work and the benefits of working with colleagues across the public and private sector, the Council actively seeks to work in conjunction with others.

5.2 Key agencies for data sharing include but are not limited to the following:

5.3 Arrangements are in place and continue to be developed to encourage both joint and collaborative working involving the exchange of information and intelligence between the Council and other agencies on national and local fraud and corruption activity in relation to local authorities. Any such exchange of information is undertaken in accordance with the principles contained in the Data Protection Act 1998 and the Information Commissioner’s Office Code of Practice of Data Sharing. Where appropriate, the Council will participate in national or regional initiatives designed to prevent and detect fraud, such as data matching.
6. Delivery of the Strategy

6.1 The Council’s overall approach and key priorities for Counter Fraud 2014-16 are:

The delivery of key priorities over 2014/16 will help ensure the Council is better able to protect itself from fraud, irregularity and loss and will provide a more effective fraud response.

**Acknowledge**
- Acknowledging and understanding fraud risks

**Deterrence and Prevention**
- Deterring and Preventing Fraud
- Making better use of information and technology
- Enhancing fraud controls and processes
- Developing a more effective anti-fraud culture

**Detection, Investigate and Pursue**
- Effective triage and investigation of referrals
- Targeted pro-active counter fraud work
- Prioritising fraud recovery and actions to punish fraudsters
- Joint and collaborative working across the Council, other LAs, agencies and the Police

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**Priorities 2014/16**
- Review and update of Policy Framework specifically Whistleblowing Policy
- Introduce a Counter Fraud Strategy
- Fraud Awareness Training/Workshops
- Development of Fraud Risk Assessment
- Increase Counter Fraud Resources within Internal Audit

**Priorities 2014/16**
- Publicity
- Fraud Awareness Training/Workshops
- Develop existing identification/validation tools
- Work with colleagues in FIC regarding the transfer arrangements to DWP.
- Develop relationships with partners including Registered Housing Providers

**Priorities 2014/16**
- Triage and investigate reactive referrals received
- Co-ordination and completion of National Fraud Initiative
- Duplicate Payments
- Data Matching/Minersing
- Develop programme of wider pro-active counter fraud exercises.
- Work jointly and collaboratively with partners on key key areas, including:
  - Housing Tenancy Fraud
  - Council Tax Reduction
  - Individual Budgets
  - No Recourse to Public Funds
  - Contracts and Commissioning
  - Right to Buy
  - Insurance
  - Social Care
  - Schools
  - Third Party Grants
  - Employee irregularity/fraud

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BOLTON  
BURY  
MANCHESTER  
ROCHDALE  
STOCKPORT  
TRAFFORD  
OLDHAM  
SALFORD  
TAMESIDE  
WIGAN
6.2 In December 2014 the Council, jointly with colleagues from the Greater Manchester Combined Authority and Bolton Council was successful in securing funding from CLG for the purposes of developing a collaborative approach to counter fraud. The outcome is to be a shared approach, risk based resource allocation and good practice model that will help further raise awareness of fraud risks, use intelligence to detect fraud, investigate areas of concern and recover losses.

6.3 The Internal Audit Section will continue to assess all referrals it receives in a timely manner and investigate as appropriate in accordance with the Fraud Response Plan, working with colleagues in HROD, ICT and Legal as well as Heads of Service and other managers to address concerns identified. The recruitment of additional officers in 2015 will support these arrangements and the delivery of specific counter fraud exercises from the Internal Audit Plan.

6.4 Pro-active counter fraud work will be developed in line with priorities identified from national research and the Council’s fraud risk assessment. Resources will be targeted at areas considered to be of high risk to the Council. We will liaise with management regarding opportunities for joint and collaborative working with partners both internally and externally to enhance the quality of intelligence and data matching techniques.

6.5 The work undertaken by Internal Audit will provide management with recommendations and actions to improve the effectiveness of internal controls to help prevent and deter future instances of fraud and irregularity.

**Measuring Success**

6.6 Progress against the priorities and plans identified within this Strategy will be reported quarterly to the City Treasurer and annually to Audit Committee as part of the Annual Fraud Report.
## Appendix A
### Key Responsibilities for Delivering the Counter Fraud and Irregularity Strategy

<table>
<thead>
<tr>
<th>ACTION</th>
<th>Internal Audit</th>
<th>S151 Officer</th>
<th>Directors Manager/ Team Leaders HROD</th>
<th>SMT</th>
<th>Audit Committee</th>
<th>Staff/ Contractor &amp; Partners</th>
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</thead>
<tbody>
<tr>
<td><strong>Strategy, Development, Maintenance and Reporting</strong></td>
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<tr>
<td>Maintain the Counter Fraud Strategy</td>
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<td>Carry out Annual Fraud Risk Assessment</td>
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<td>Compile the Annual Fraud Report</td>
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<tr>
<td>Review and approve the strategy, risk assessment and fraud report</td>
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<tr>
<td>Publication of the Counter Fraud Strategy</td>
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<tr>
<td>Design and implement a periodic fraud awareness programme</td>
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<td>Participation in fraud awareness surveys</td>
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<td>Publication of successes in dealing with fraud</td>
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<td><strong>Prevent</strong></td>
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<td>Review the preventative controls in key Council systems.</td>
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<td>Implement agreed actions to strengthen internal controls</td>
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<tr>
<td>Ensure consistent compliance with established controls to prevent fraud</td>
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<tr>
<td>Consider the implications for counter fraud controls in new and changing systems and procedures</td>
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<td><strong>Detect</strong></td>
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<td>Review the detective controls in key Council systems and carry out targeted, analytical review in high risk areas of activity.</td>
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<tr>
<td>Implement agreed actions to strengthen controls</td>
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<td>Ensure consistent compliance with established controls to detect fraud</td>
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<td>Publicise the Whistleblowing Policy</td>
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<td>Raise fraud and corruption concerns promptly through the Whistleblowing Policy with a line manager/senior manager or directly with Internal Audit</td>
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<tr>
<td>Participate in the National Fraud Initiative and other counter-fraud groups</td>
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<tr>
<td>ACTION</td>
<td>Internal Audit</td>
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<td>Pursue</td>
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<td>Follow the Fraud Response Plan in all cases where fraud and corruption are suspected.</td>
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<td>Decision to refer to the Police for investigation</td>
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<td>Decision to apply Prosecution Policy</td>
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<td>Decision to invoke the Council’s disciplinary process</td>
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<tr>
<td>Consider options for seeking recovery of loses incurred</td>
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</table>