

Chelmsford City Council

Counter Fraud
and Corruption Strategy
2023-25

Foreword

With approximately 180,000 residents, 9400 businesses and 900 employees, Chelmsford City Council takes its responsibility as the guardians of public money very seriously. Fraud and corruption cheats the local tax payer and impacts recipients of the services we strive to deliver, ultimately undermining the aims of the Council to lead by example, and help to make our society safer, greener, fairer, and better connected.

This Council's Counter Fraud and Corruption Strategy will support the Council in its determination to take an active role in protecting itself and its residents from fraud and corruption from within and outside the organisation. We will be vigilant and advocate a zero tolerance approach, and will seek to prevent fraud and corruption, including bribery, in all areas of our activities. Where any instances are discovered, we will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum. To this end, all Members, employees and those with whom we do business, have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud and corruption and by promptly identifying and reporting potential instances for investigation. We will be agile and work together with national agencies, the Government and other Councils to respond to new fraud threats, to prevent losses and to protect the Council finances, enabling us to maximise the value of every pound spent on behalf of local residents.

We fully commit to this Counter Fraud and Corruption Strategy as a key component in our fight against fraud and corruption.

Nick Eveleigh, Chief Executive

Cllr Nora Walsh, Chair of Audit and Risk Committee

Aim of the Counter Fraud and Corruption Strategy

The aim of this strategy is to minimise the risk of fraud and corruption and its impact, and ultimately to protect the public purse and Chelmsford City Council services for its residents.

It also ensures that the Council's internal control measures are effective in either preventing fraud and corruption or where this isn't possible, that a consistent and effective approach to tackling fraud and corruption is in place. Robust investigations will be undertaken in line with legislation and best practice, and appropriate action taken where necessary.

Definitions

Fraud

A person can be found criminally in breach of the [Fraud Act 2006](#) if they have acted dishonestly with the intention of making a gain for themselves or another, or causing a loss (or risk of a loss) to another by:

- False representation
- Failing to disclose information to a third party where they under a legal duty to do disclose such information
- Abuse of position, where they are expected to safeguard the financial interests of another person and abuses that position.

Other main offences under the Act include:

- Making or supplying/possession of articles for use in frauds
- Obtaining services dishonestly

Theft

The [Theft Act 1968](#) states that a person is guilty of **theft** if they dishonestly appropriate property belonging to another, with the intention of permanently depriving the other of it.

Bribery and Corruption

[Bribery Act 2010](#) defines **bribery** as financial or other advantage that is offered, given, requested or accepted with the intention of inducing or rewarding the improper performance of a relevant function. Section 7 of the Act also sets out the corporate offence of failing to prevent bribery.

The LGA defines **corruption** as the misuse of a person's position to commit offences, which can include theft, extortion and a number of other crimes, including the soliciting of bribes. The defining characteristic of corruption is that it involves collusion between two or more individuals and is often associated with those holding public office.

Stakeholders

All of the council's stakeholders can assist with being our first line of defence against attempts of fraud and corruption by:

- Being alert to the possibility of fraud and corruption and raise any concerns through the Council's Whistleblowing Policy at the earliest opportunity
- Fulfilling any legal and regulatory responsibilities
- Specialist knowledge to help identify and control fraud risk
- Input into the detection and investigation of fraud
- To assist in the reduction of fraud

More detailed responsibilities are outlined in the following table:

Stakeholder	Responsibility
All employees	Comply with the Council's relevant policies and procedures including code of conduct, financial rules, procurement procedures, conflicts of interest, as well as meet standards set by professional bodies to which they belong.
Audit & Risk Committee	Approve and support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk, ensuring that resources are focussed on the Council's highest risk areas.
Audit Services Manager	<p>Liaise with Corporate Risk and highlight emerging fraud risks to CGG, Management Team and Audit & Risk Committee.</p> <p>Provide regular reports of Cross-Council Counter Fraud activity to Management Team and Audit & Risk Committee.</p> <p>Provide investigative services to allegations of corporate fraud.</p> <p>Develop an agile risk-based approach to internal audit coverage with consideration of fraud risks and controls in line with its Internal Audit Charter.</p> <p>Provide anti-fraud controls assurance to Management Team and Audit & Risk Committee through internal audit reporting.</p>
Cabinet Member for Fairer Chelmsford (Portfolio Holder)	Receive reports that include information, progress and barriers on the Council's assessment against the FFCL checklist, and fraud risk assessment and horizon scanning.

Stakeholder	Responsibility
Chief Executive and Management Team	<p>Approve and support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk, ensuring that resources are focussed on the Council's highest risk areas and that the Council is measuring itself against the FFCL checklist.</p> <p>Ensure that service managers are fulfilling their anti-fraud responsibilities (see Senior Managers).</p>
Contractors and Partners	<p>Maintain adequate systems and controls to ensure the prevention and detection of fraud and corruption.</p>
Corporate Governance Group (CGG)	<p>Support the Counter Fraud Strategy and receive reports relating to the Council's Counter Fraud activity and Fraud Principal Risk. Provide oversight of the Council's counter-fraud activities across all areas of the Council, including those specifically recognised as high-risk areas.</p>
Councillors	<p>Comply with the Council's relevant policies and procedures including constitution, code of conduct, financial rules, procurement procedures, conflicts of interest.</p>
Digital Services and Information Governance	<p>Deploy procedures and technical controls to minimise information security risks.</p>
External Audit	<p>In line with International Standard on Auditing (UK) 240, External Audit are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.</p>
Human Resources	<p>Support associated Council Policy and Training framework to assist with awareness of, and compliance with the strategy.</p>
Monitoring Officer/Legal & Democratic Services Manager (Statutory Duty)	<p>Local Government and Housing Act 1989 requires the Monitoring Officer to report on matters they believe to be illegal or amount to maladministration, to be responsible for the operation of the Council's constitution, and to be responsible for matters relating to the conduct of councillors and their training in relation to counter fraud awareness.</p>
Section 151 Officer (Statutory Duty)	<p>Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements. Also acts as the Council's nominated Money Laundering Reporting Officer (MLRO).</p>

Stakeholder	Responsibility
Senior Managers	<p>Establish and support an anti-fraud culture in their services by ensuring employees are aware of relevant policies and procedures relating to anti-fraud and bribery, code of conduct etc, and adopting a robust control environment, as well as ensuring any internal audit recommendations are implemented promptly.</p> <p>Monitor roles perceived to be at higher risk of bribery and corruption to ensure transparency over decisions, and any conflicts or failures to disclose are managed appropriately.</p> <p>Undertaking due diligence to evaluate the background, experience and reputation of business partners to protect the Council from exposure to external fraud, bribery and corruption.</p> <p>Consider whether new/changes to policies, procedures, strategies etc that may be connected to fraud and/or corruption risk and advise Internal Audit accordingly.</p> <p>Ensure that NFI (National Fraud Initiative) data matches are reviewed and investigated, where applicable and respond to enquiries from other matched bodies. Provide mandatory fraud statistics where applicable to meet Transparency Code requirements.</p>

Managers of specific high-risk areas form part of CGG (see above) to ensure effective co-ordination and liaison in counter-fraud activity.

Principles and Objectives

This strategy is based on guidance and best practice relating to fraud and corruption in the public sector including:

[CIFAS Fighting Fraud and Corruption Locally](#)

[CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#)

Providing an outline for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top, Fighting Fraud and Corruption Locally (FFCL) sets out five pillars of activity:

1. Protecting itself and its residents

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

2. Govern

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

3. Acknowledge

- Accessing and understanding fraud risks.
- Committing the right support and tackling fraud and corruption.
- Demonstrating that it has a robust anti-fraud response.
- Communicating the risks to those charged with governance.

4. Prevent

- Making the best use of information and technology.
- Enhancing fraud controls and processes.
- Developing a more effective anti-fraud culture.
- Communicating its activity and successes

5. Pursue

- Prioritise 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.

Govern

Those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation.

The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud

Chelmsford will demonstrate this by:

- Developing a counter fraud and corruption strategy applying to all aspects of the Council's activities which will be communicated throughout the Council and acknowledged by those charged with governance.
- Assessing its fraud and corruption risks, have an action plan to deal with them and regularly report to Management Team and Members.
- Presenting a regular report to Management Team and Audit & Risk Committee to compare against FFCL.
- Briefing Management Team and Audit & Risk Committee on fraud risks and mitigation.
- Management Team and Audit & Risk Committee supporting counter fraud work to ensure that it is appropriate in terms of fraud risk and resources.
- Scrutinising weaknesses revealed by instances of proven fraud and corruption and feed back to departments to fraud proof systems.

Acknowledge

In order to create a counter fraud response Chelmsford must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities, having a plan to address it, and have access to resources with the right capabilities and skills.

Chelmsford will demonstrate this by:

- Undertaking an assessment against the risks and horizon scanning of future potential fraud and corruption risks. This assessment will include the understanding of the harm that fraud may do in the community.
- Specifically considering the risks of fraud and corruption in the Council's overall risk management process.

Protect

Chelmsford will protect public funds, protecting the Council from fraud and cyber-crime and also protecting itself from future frauds as well as protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

Chelmsford will demonstrate this by:

- Assessing fraud resources proportionately to the risk the Council faces and are adequately resourced.
- Develop a fraud plan which is agreed by Management Team and Audit & Risk Committee, reflecting resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's activities including those undertaken by contractors and third parties or voluntary sectors.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Chelmsford will demonstrate this by:

- Putting in place arrangements to promote and ensure probity and propriety in the conduct of its activities and prevent and detect fraud and corruption as well as a mechanism for ensuring that this is effective and is reported to Management Team and Audit & Risk Committee.
- Putting in place arrangements for monitoring compliance with standards of conduct across the Council covering: Codes of conduct including behaviour for counter fraud, anti-bribery and corruption, Register of Interests, Register of gifts and hospitality.
- Undertaking recruitment vetting of staff prior to appointment by risk assessing posts and undertaking the checks recommended.
- Ensuring that there is a zero-tolerance approach to fraud and corruption and independent whistle-blowing policy which can also be accessed by contractors and third parties, is monitored for take up and can show that suspicions have been acted upon without discrimination.
- Consulting counter fraud staff to review new policies, strategies and initiatives across departments and this activity will be reported to Management Team and Audit & Risk Committee.
- Ensuring the fraud response plan covers all areas of counter fraud work and is linked to the audit plan and communicated to Management Team and Audit & Risk Committee.

- Ensuring that the Council actively takes part in mandatory NFI exercises and promptly takes action arising from it.
- Publicise successful cases of proven fraud/corruption to raise awareness.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Chelmsford will demonstrate this by:

- Reporting statistics maintained by the Counter Fraud team which cover all areas of activity and outcomes.
- Developing a programme of proactive counter fraud work which covers risks identified in the fraud risk assessment.
- Collaborating with other Council services and external enforcement agencies, encouraging a corporate approach and co-location of enforcement activity
- Undertaking prevention measures and projects using data analytics where possible
- Ensuring the Counter Fraud team have unfettered access to premises and documents for the purposes of counter fraud investigation.
- Ensuring that there are professionally trained and accredited staff for counter fraud work, with adequate knowledge in all areas of the Council and the counter fraud team has access to specialist staff for surveillance, computer forensics, asset recovery and financial investigations where required.

Anti-bribery and Corruption

The Council will follow the guidance issued by the [Ministry of Justice](#) on compliance with the Bribery Act. In particular, it will take account of the six principles set out in the guidance as part of ensuring a robust and effective anti-bribery approach.

1. Proportionate Procedures

The procedures to prevent bribery by persons should be proportionate to the bribery risks faced and to the nature, scale and complexity of the Council's activities. They should also be clear, practical, accessible, effectively implemented and enforced

2. Top Level Commitment

Management Team are committed to preventing bribery by persons associated with the Council and to fostering a culture in which bribery is never acceptable. A report on the Bribery Act 2010 and the introduction of this policy will be approved by the Audit & Risk Committee.

3. Risk Assessment

The nature and extent of the Council's exposure to external and internal risks of bribery will be assessed as part of the Council's risk management process. Any risk assessment is intended to be an on-going process based on regular communication and review.

4. Due Diligence

A proportionate and risk-based approach will be taken in respect of persons and other organisations that perform services for or on behalf of the Council. Due diligence will include an evaluation of the background, experience and reputation of business partners. The transactions will be properly monitored, and written agreements and contracts will provide references to the Bribery Act 2010 and this policy. Reciprocal arrangements may be required for business partners to have their own policies in place. They will be advised of the Council's policy and be expected to operate at all times in accordance with such policy.

5. Communication (including training)

The Council will ensure that this policy and other related policies and procedures are embedded in the Council's working arrangements through appropriate communication, including training, which is proportionate to the risks the Council faces. The Council's induction programme will include reference to the Bribery Act 2010 and this policy.

6. Monitoring and Review

This policy, control arrangements, risk management processes and other related policies and procedures designed to prevent bribery and corruption will be monitored, reviewed and improved where necessary on a regular basis. All incidents of bribery or suspected bribery will be reported to the Audit & Risk Committee.

Monitoring and review

Chelmsford will consider its performance against each of the following key themes in line with FFCL:

- **Culture** – creating a culture where fraud and corruption are unacceptable.
- **Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance.
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity.
- **Communication** – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes.
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.