

CIPFA RED BOOK 2 FRAUD BOOK CHECKLIST

Key elements of a strategic approach		
1.1 Does the organisation have a counter fraud and corruption strategy that can be clearly linked to the organisation's overall strategic objectives?	Y	The Council has an Anti-Fraud and a Benefits Anti-Fraud Policy and these documents are linked into the Council Priority "Work with partners to increase community safety by tackling: acquisitive crime. They also link into the Benefits Investigation Business Plan and the Internal Audit Charter.
1.2 Is there a clear remit to reduce losses to fraud and corruption to an absolute minimum covering all areas of fraud and corruption affecting the organisation?	Y	The Council is committed to tackling fraud and works with partners such as the DWP and Audit Commission to do so.
1.3 Are there effective links between 'policy' work (to develop an anti-fraud and corruption and 'zero tolerance' culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and 'operational' work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where it is found)?	Y	The Council promotes a zero tolerance to fraud and corruption in their anti-fraud policies. This is supported by a Confidential Reporting Code. These policies are regularly reviewed and updated. The annual audit plan considers high risk areas and focuses resources to these. For all fraud cases there is a robust attempt to recover any financial gains. Maximum publicity is given to all prosecutions and staff dismissals are published internally as a deterrent.
1.4 Is the full range of integrated action being taken forward or does the organisation 'pick and choose'?	Y	All reported benefit frauds are subjected to a five by five grid and investigations opened are based upon the soundness of evidence. Where there are cases that have weaker evidence these can be passed to the Visiting Officer for compliance checking or referred to the DWP where there is a pass-porting benefit in place. The procedures for dealing with concerns raised under the Confidential Reporting Code are set out within the Code.
1.5 Does the organisation focus on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc.)?	Y	The overall objective of the Benefit Investigation Section is to ensure that the right benefit is paid to the right person. The Prosecution Panel will consider all recommended outcomes of fraud proven cases with a view to identifying the most appropriate outcome.
1.6 Has the strategy been directly agreed by those with political and executive authority for the organisation?	Y	All policies are considered by Members as well as approval being given to the Benefits Investigation Section Annual Business Plan and the Audit Charter.
Measuring fraud and corruption losses		
2.1 Are fraud and corruption risks considered as part of the organisation's strategic risk management arrangements?	Y	All systems have internal controls in place designed to minimise the risk of fraud and error. Regular auditing of high risk areas take place along with regular budgetary monitoring. Chief Officers are required to sign an annual assurance statement to confirm that they are satisfied with the risk management arrangements in place.
2.2 Is the organisation seeking to identify accurately the nature and scale of losses to fraud and corruption, using a: <ul style="list-style-type: none"> • proper definition of fraud based in civil law for making accurate estimates? • professional statistical methodology for making accurate estimates and building in a proper level of independent validation? 	Y	All benefit losses are calculated using the relevant legislation. Other losses will be calculated on a case by case basis with a view to them being accepted by the Prosecutor and the Courts. If they cannot be recovered they must also be negotiated with the Council insurers if a claim is to be processed. Losses will be calculated using external advice if it is considered necessary due to the technical nature of the claim.

2.3 Does the organisation use accurate estimates of losses to make informed judgements about levels of budgetary investment in work to counter fraud and corruption?	Y	The resources used to counter fraud are reported regularly to Members and are considered to be sufficient.
Having the necessary authority and support		
3.1 Do those tasked with countering fraud and corruption have the appropriate authority needed to pursue their remit effectively, linked to the organisation's counter fraud and corruption strategy?	Y	The necessary authorities are contained within policies, Audit Charter and Benefits Investigation Business Plan and reviewed on a regular basis.
3.2 Is there strong political and executive support for work to counter fraud and corruption?	Y	The counter fraud work is reported to Members on a regular basis and all policies are approved by Management Team as well as Members.
3.3 Is there a level of financial investment in work to counter fraud and corruption that is proportionate to the risk that has been identified?	Y	It is considered that the level of case load and outcomes indicates that there is a balanced approach.
Specialist training and accreditation		
3.4 Are all those working to counter fraud and corruption professionally trained and accredited for their role?	Y	All staff involved in this work are adequately trained apart from one officer who is currently undergoing the relevant training.
3.5 Do those employees who are trained and accredited formally review their skills base and attend regular refresher courses to ensure they are abreast of new developments and legislation?	Y	Part of the accreditation requires CPD and staff are regularly updated on developments, any DWP circulars and any test cases. Staff take it in turns to attend meetings such as Kent Investigating Officers Group to discuss any developments in fraud. All staff are subject to annual appraisals where any specific training needs are identified
3.6 Are all those working to counter fraud and corruption undertaking this work in accordance with a clear ethical framework and standards of personal conduct?	Y	All staff involved in this work are required to annually sign a declaration of interests and a specific code of conduct. Professionally qualified staff are required to act within the ethics of their professional bodies. Internal Audit are also required to comply with the ethics set out in the CIPFA Code of Practice.
Propriety checks		
3.7 Is an effective propriety checking process implemented by appropriately trained staff in place that includes appropriate action where individuals fail the check?	Y	All Managers are required to comply with the Personnel "Recruitment & Selection Procedure and Policy Guidance". This includes propriety checks. This includes identification of where additional checks such as CRB are required. Staff are not allowed to be appointed until after references have been checked. Recruitment is also subjected to Internal Audit inspection.
3.8 Does the organisation regularly review its propriety checking and are random checks carried out to ensure that it is implemented?	Y	The Recruitment & Selection Procedure and Policy Guidance was updated in March 2009 and is subject to review as required. Recruitment is also subjected to Internal Audit inspection.
Developing effective relationships with other organisations		
3.9 Are there framework agreements in place to work with other organisations and agencies?	Y	There are a number of framework agreements in place.
3.10 Are the framework agreements focused on the practicalities of common work?	Y	The framework agreements are designed on a case by case basis to ensure that the purpose and management of the framework are clearly stated.
3.11 Are there regular meetings to implement and update these agreements?	Y	Where the framework agreement is long standing the agreements will be reviewed on a needs basis or in line with any changes in objectives.

Taking the full range of action and integrating different strands		
4.1 Is the organisation undertaking the full range of necessary action (see also 1.3 & 1.4)? Is a holistic approach used incorporating action on culture, deterrence, prevention, detection, investigation, sanction and redress.	Y	All the policies for dealing with fraud interact to ensure a holistic approach is adopted.
4.2 Does the organisation have a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture (including strong arrangements to facilitate whistleblowing)?	Y	The Council have a Confidential Reporting Code and the last staff survey expressed a high level of confidence in it.
4.3 Are there clear goals for this work (to maximise the percentage of staff and public who recognise their responsibilities to protect the organisation and its resources)?	Y	The culture of the authority towards fraud and corruption is clearly set out in the Anti-Fraud Policy and is complemented by additional policies. The use of Netconsent to remind staff of these policies will provide additional reinforcement of the values of the organisation.
4.4 Is this programme of work being effectively implemented?	Y	Reporting of outcomes to Members takes place on a regular basis. All training is supported by effectiveness questionnaires.
4.5 Are there arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout the organisation?	Y	The staff survey resulted in a high confidence level in the handling of concerns and this tends to suggest a strong anti-fraud culture. Increases in fraud awareness will be measured as part of a fraud awareness training programme.
4.6 Are agreements in place with stakeholder representatives to work together to counter fraud and corruption?	Y	Service Level agreements exist with stakeholders to combat fraud as well as significant joint working with the DWP. The Council is also a member of the National Anti-Fraud Network which is used for intelligence gathering.
4.7 Have arrangements been made to ensure that stakeholder representatives benefit from successful counter fraud and corruption work?	Y	In all cases any monies wrongly paid are referred to Exchequer Services for recovery action to commence. Due to the limited assets of individuals this may take significant time but it is still pursued.
Deterrence		
4.8 Does the organisation have a clear programme of work attempting to create a strong deterrent effect?	Y	All internal audit work is based upon risk and reporting of findings goes to Audit Committee. In addition maximum publicity is given to all successful prosecution cases.
4.9 Does the organisation have a clear programme of work to publicise the: <ul style="list-style-type: none"> • hostility of the honest majority to fraud and corruption; • effectiveness of preventative arrangements; • sophistication of arrangements to detect fraud and corruption; • professionalism of those investigating fraud and corruption and their ability to uncover evidence; • likelihood of proportionate sanctions being applied; and • likelihood of losses being recovered? 	Y	In all prosecution cases the outcome of the prosecution is subject to a press release that contains the message that steps will be taken to recover losses as well as highlighting the sentence. The Council take part in any national anti-fraud campaigns. The local media have also carried radio interviews with fraud investigation staff following some high profile cases in the newspapers. The Council magazine "Here & Now", which is distributed to all households in the Borough, contained an article on benefit fraud and how to report it. The Council website also contains advice on how to report fraud and contains links to the DWP fraud hotline.
4.10 Has the organisation successfully publicised work in this area?	Y	As stated above a press release is issued for all prosecution cases. An annual report on the work of the Benefit Investigation Section is made to the Finance & Property Advisory Board. This report can be accessed on the Council website by any interested stakeholder.
4.11 Has the publicity been targeted at the areas of greatest fraud losses?	Y	These are normally the cases that go to Prosecution but any cases of smaller losses that have resulted in a prosecution are also publicised.

Prevention		
4.12 Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?	Y	The Constitution contains requirements to ensure that Chief Officers maintain proper safeguards over the assets of the Council. All policies relating to fraud are regularly updated and are designed to explain the culture of the Council towards fraud and the responsibilities of individuals to prevent fraud and error. Regular auditing of the main accounting systems and areas of high risk identifies areas of weaknesses and recommends how these can be rectified.
4.13 Do concluding reports on investigations include a specific section on identified policy and systems weaknesses that allowed the fraud and corruption to take place?	Y	For all incidents of internal fraud the background to how they occurred is reported upon and steps are considered on how to prevent similar incidents.
4.14 Is there a system for considering and prioritising action to remove these identified weaknesses?	Y	All recommendations made by Internal Audit are giving a priority rating. Chief Officers are required to sign an action plan where they state what action will be taken. Procedures are in place for further audit follow up work to take place to ensure that there is implementation.
Detection		
4.15 Are there effective 'whistleblowing' arrangements in place?	Y	The Council has a Confidential Reporting Code that gives clear explanation of how concerns can be raised and how they will be dealt with.
4.16 Are analytical intelligence techniques used to identify potential fraud and corruption?	Y	All referrals of fraud are assessed using recognised analytical techniques
4.17 Are there effective arrangements for collating, sharing and analysing intelligence?	Y	The Council uses all intelligence sources that are available to them within the Legal framework.
4.18 Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?	Y	This is set out in the Confidential Reporting Code that gives clear reporting lines.
4.19 Are arrangements in place to ensure that identified potential cases are promptly and appropriately investigated?	Y	This is also set out in the Confidential Reporting Code. For benefit investigations the process is regularly monitored for movement in case holdings.
4.20 Are proactive exercises undertaken in key areas of fraud risk or known systems weaknesses?	Y	Any areas of concern will be considered for additional work if there is a suggestion that there is a high likelihood of fraud in that area. For example, mileage claims are reviewed on an annual basis for any anomalies.
Investigation		
4.21 Is the organisation's investigation work effective?	Y	The outcome of investigation work is regularly reported to Members and in reviewing this checklist considered by the Audit Committee to be effective.
4.22 Is it carried out in accordance with clear guidance?	Y	All investigations take place in accordance with recognised best practice and within a legislative framework.
4.23 Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?	Y	The appropriate officers are trained and have the necessary powers to carry out criminal investigations. The Internal Audit staff have the power within the Constitution to seek all necessary explanations and to ask for production of relevant paperwork.
4.24 Are referrals handled and investigations undertaken in a timely manner?	Y	All referrals are sifted usually within a two week period. Fraud cases are regularly monitored to ensure that they are progressing.
4.25 Does the organisation have arrangements in place for assessing the effectiveness of investigations?	Y	Regular reporting to Members takes place giving details of cases handled and the outcome of cases. Year on year comparisons take place and up to

		2008 there was a National Performance Indicator to measure performance against. The principles of this NPI are still used to give an indication of performance.
Sanctions		
4.26 Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?	Y	Although each benefit fraud case is considered entirely on it's own merit there is a Prosecution Policy that sets out guidelines and these are applied taking into consideration the Code for Crown Prosecutors in order to achieve a consistent and fair approach. For other cases the evidence will be used to consider sanction options under the Council Disciplinary Code.
4.27 Are all possible sanctions – disciplinary / regulatory, civil and criminal - considered?	Y	The summary of each case considers all of the aspects of the case before determining what the outcome will be.
4.28 Does the consideration of appropriate sanctions take place at the end of the investigation when all the evidence is available?	Y	A case is not passed to the determining body until all reasonable avenues of investigation have taken place.
4.29 Does the organisation monitor the extent to which the application of sanctions is successful?	Y	All sanctions are recorded and are taken into consideration if there is a subsequent offence. Although not specifically reported upon the level of re-offending is very low.
Redress		
4.30 Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?	Y	There is a debt recovery policy and this is stored on the staff intranet. This policy covers all debt recovery and not just fraud and corruption. Council Tax Benefit overpaid is recovered through the Council Tax system. Housing benefit overpayments are recovered from “clawback” or by civil means. Where it is considered appropriate and likely to be successful compensation will be claimed through the Courts.
4.31 Is the organisation effective in recovering any losses incurred to fraud and corruption?	Y	This is monitored on an ongoing basis and reported to Members. The recovery process has to take consideration of ability to pay and this affects levels of recovery. Debt is pursued vigorously and the use of bailiffs is considered as part of the process.
4.32 Does the organisation use the criminal and civil law to the full in recovering losses?	Y	This is set out within the debt recovery policy and all means of recovery are considered.
4.33 Does the organisation monitor proceedings for the recovery of losses?	Y	This is monitored on an ongoing basis and reported to Members.
4.34 What is the organisation's successful recovery rate?	-	There is an annual recovery rate calculated and for 2008/09 was approximately 95% for general debt and 60% for HB debt
Focusing on outcomes and not merely activity		
5.1 Are there clear outcomes described for work to counter fraud and corruption?	Y	Targets for Benefit Investigation are set out in the Benefit Investigation Section Business Plan. The guidelines for outcomes of investigations are also included in the Prosecution Policy. Outcomes are regularly reported to Members and are measured against targets.
5.2 Do the desired outcomes relate to the actual sums lost to fraud and corruption?	Y	All losses as the result of fraud and corruption are reported to Members however, only prosecution cases for benefit fraud are reported individually but total benefit overpayment through fraud is reported annually.