



# Sefton Council Counter Fraud Strategy



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## 1. Introduction

Sefton Metropolitan Borough Council ("the Council") recognises the potentially significant risk that fraud and corruption pose to the achievement of the Council's aims and objectives, Sefton 2030 Vision, Sefton Council Corporate Plan, and the adverse impact it can have on the provision of public services for the people and communities of Sefton.

The term "fraud" typically describes activities such as theft, corruption, money laundering, conspiracy, bribery and extortion.

The Council has an Anti-Fraud, Bribery and Corruption policy which is the mechanism for achieving the Council's commitment to protecting the public purse and promoting a strong ethical and counter fraud structure.

This Counter Fraud Strategy sets out the Council's approach to combatting fraud and corruption over the next three years.

## 2. The Strategic Approach

The Council's overarching objective will create a culture where fraud and corruption are unacceptable.

The Council is committed to minimising fraud and corruption through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud and Corruption Locally (FFCL) – a strategy for the 2020's', the principles of which are summarised below as the five key pillars of activity.

### The pillars

**Govern** - The Council will:

- Develop robust arrangements and Council wide support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council.
- Have a holistic approach to tackling fraud which is part of good governance.
- Develop a more effective anti-fraud culture.

**Acknowledge** - The Council will:

- Assess and understand the fraud risks and ensure that they are communicated to the Strategic Leadership Board and Members.
- Commit the appropriate support and resources to tackling fraud and corruption demonstrating a robust anti-fraud response.
- Communicate the risks to those charged with governance.

**Prevent**- The Council will:

- Make the best use of information and technology.
- Enhance fraud controls and processes.

- Assess the full range of fraud risks ensuring that the range of counter fraud measures deployed is appropriate.
- Raise awareness internally and externally, deterring fraudsters, sharing information and celebrating successes.

**Pursue** - The Council will:

- Prioritise fraud recovery and use of civil sanctions.
- Develop capability and capacity to investigate and punish offenders.
- Collaborate across local authorities and other agencies to aid the ongoing development of the Council's Fraud response.

**Protect** - The Council will:

- Recognise the harm that fraud can cause to the people and communities of Sefton and protect them from fraud. This will cover protecting public funds and protecting the organisation from fraud and cybercrime.
- Ensure that resources employed on tackling the full range of counter fraud and corruption activity have the appropriate skills and competence.

### 3. Ownership - Key roles and responsibilities:

Responsibilities for the implementation for the strategy lies with the following:

- **Cabinet** provides formal approval of the Counter Fraud strategy and the Anti-Fraud, Bribery and Corruption Policy.
- **Audit and Governance Committee (A&G):**
  - Consider the Council's internal control systems, risk management and corporate governance issues.
  - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
  - Monitor the implementation and effectiveness of the Council's policies on whistleblowing, fraud, bribery, corruption, money laundering and the Council's complaints process and review, as necessary.
  - To monitor the counter-fraud strategy, actions and resources.
- **Executive Leadership Team (ELT)** to monitor and to be accountable for the delivery of the strategy.
- **Strategic Leadership Board (SLB)**
  - To cooperate with the counter fraud team to ensure that the councils counter fraud framework is embedded within their areas of responsibility.
  - To undertake planned work to prevent and detect fraud perpetrated against the Council using the National Fraud Initiative (NFI) and other data.
  - Develop a counter fraud improvement plan and provide an annual

- update on performance against the improvement plan.
  - Undertake a fraud risk assessment for their area of responsibility, share contents with their teams and refresh on a regular basis.
  - Investigate relevant NFI data matches and allow sufficient resources to undertake NFI work.
  - Cooperate on cross council counter fraud initiatives.
  - Develop a counter fraud culture ensuring that policies and procedures within their areas minimise the risk of fraud.
- **Wholly Owned Companies** – The Council will engage with each of the wholly owned companies to encourage them to adopt the Counter Fraud Strategy reflecting their different operating requirements.
- **Executive Director of Corporate Services and Commercial** is responsible for the maintenance of an Anti-Fraud, Bribery and Corruption policy which should be presented to Cabinet for approval.
- **Chief Internal Auditor** has responsibility for providing strategic direction and monitoring day to day performance of the counter fraud team.
- **Audit Manager** has responsibility for day to day management of the counter fraud function.

## 4. Key priorities for the financial years 2024-2027

### Govern

- **Establish Fraud Awareness and Education:** Introduce regular updates aimed at management teams and develop learning modules for all staff and Elected Members to raise awareness of fraud and corruption risks.
- **Implement Counter Fraud Framework:** Refresh and renew all fraud policies and procedures under a comprehensive Counter Fraud Framework.
- **Set Resilience Goals:** Identify and approve specific goals for the organisation's resilience to fraud and corruption risks.
- **Enhance Communication and Whistleblowing Mechanisms:** Propose a plan to communicate the potential harm from fraud to all stakeholders and evaluate the effectiveness of the Council's whistleblowing arrangements, implementing improvements where necessary.
- **Reporting:** enhance reporting processes for counter fraud through the Council's governance framework.

### Acknowledge

- **Fraud Risk Assessment and Resource Utilisation:** Develop a detailed fraud risk assessment in collaboration with SLB and review available Counter Fraud resources to ensure optimal utilisation.
- **Resilience Goals and Risk Management Practices:** Identify specific goals for the organisation's resilience to fraud and corruption risks and establish embedded risk management practices as the key to effective controls.

- **Addressing fraud and corruption risks:** Identify actions to address key fraud and corruption risks and consider proactive measures for fraud detection and assurance. Develop a fraud risk register based on the output from the fraud risk assessments.
- **Strategy Delivery and Performance Monitoring:** Establish arrangements for regular accounting of the strategy's delivery, enabling performance monitoring and accounting for significant deviations from the strategy.
- **Resources:** Deploy the appropriate resources to deal with the level of fraud risk identified.

## Prevent

- **Partnerships and Collaborations:** Develop and enhance relationships with Enforcement Partners and Local Authority neighbours. Identify organisations to work closely with to help prevent fraud risks.
- **Internal Controls and Audit:**
  - Will develop a fraud internal control framework to help prevent fraud occurring and/or to aid early detection.
  - The counter fraud team will undertake ad hoc reviews using NFI data and other information to identify whether fraud has taken place against the organisation and to assess the effectiveness of the fraud internal controls.
  - Will be an annual counter fraud audit undertaken by the internal audit team.
- **Innovative Review:** Consider innovative projects around data sharing with other authorities. We will continue our involvement with the NFI. Review the benefits of fraud forums and benchmarking groups. Will be a range of responses and actions appropriate for the organisation's risks.
- **Publicity and Communication:** Improve publicity by refreshing information on websites, ensuring regular communication of fraud risks, and enhancing the use of social media. Publicise the organisation's anti-fraud and anti-corruption activities, commitment, and outcomes of successful cases to staff, contractors and customers.

## Pursue

- **Proactive Programme Development:** Develop a targeted proactive programme of Counter Fraud activities based on identified risks from the Fraud Risk Assessments.
- **Collaborative Efforts:** Develop a programme for closer collaboration with entities such as the Department for Work and Pensions (DWP), Police, etc.
- **Sanctions Policy and Approach:** Develop a Corporate Sanctions Policy and consider the organisation's overall approach to sanctions, including the prosecution of offences. Different approaches may be applied for different types of fraud.
- **Case Management and Loss Recovery:** Develop procedures for raising cases and feeding them into reporting mechanisms. Set out the organisation's

overall approach to the recovery of losses resulting from fraud, including the potential recovery of investigation costs.

## Protect

- **Formulate a Fraud Response Plan:** Create a comprehensive plan to address fraud, outlining the roles and responsibilities of employees, managers, and the public in case of suspected fraudulent activities.
- **Leverage Legal Powers and Collaborate:** Utilise all legislative powers available to the Council for prosecution, enforcement of penalties and civil recovery. Consider collaboration with other Local Authorities for effective implementation.
- **Establish a Reviewing Body and Link Objectives:** Determine a responsible body for reviewing the strategy's performance and making recommendations. Align this strategy with the organisation's overall business objectives and the goal of enhancing resilience to fraud.
- **Assign Responsibilities:** Designate an individual with the primary responsibility for executing the strategy, along with others, who have the appropriate skills and competence, will play significant roles in its implementation.
- **Review:** A review of the Counter Fraud framework and its implementation to be undertaken by Internal Audit as part of the annual audit plan.

## 5. Monitoring the Strategy

Monitoring on the implementation of the strategy will take place on a quarterly basis within the Audit and Risk Performance report being presented to ELT and Audit and Governance Committee. An annual report on counter fraud will be provided to ELT and Cabinet outlining performance on counter fraud activities including the implementation of the strategy.

**Review Date: June 2027**

