



Fraud and Bribery & Theft

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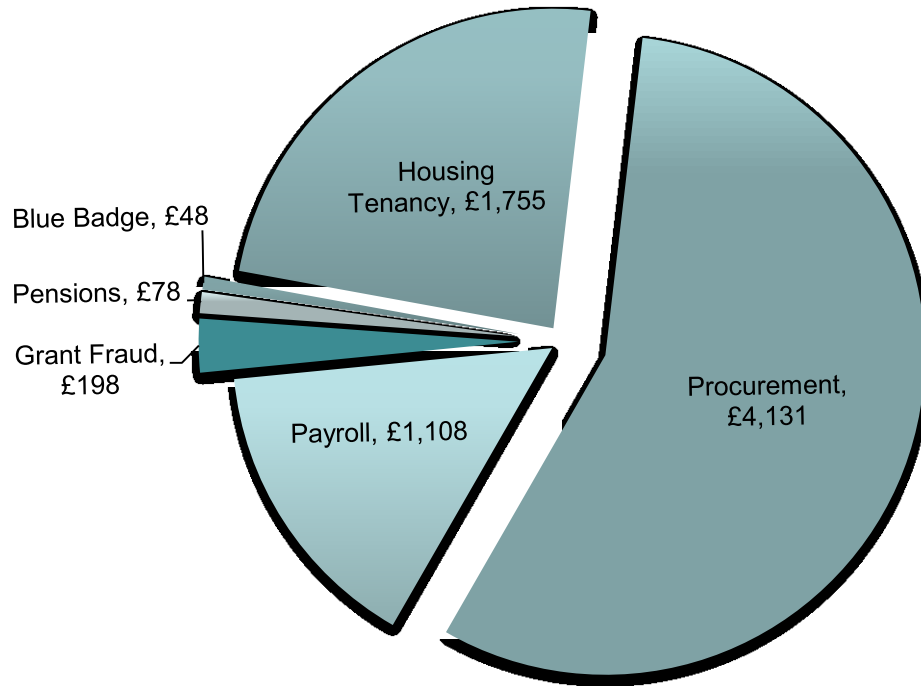


Objectives

- Introduction
- Fraud and Bribery – What it is and how much it costs
- Who commits fraud, and when?
- Red Flags
- Staff Survey
- CIPFA code of Practice
- Next Steps



Cost of Local Government Fraud in the UK: £7,319million – 4.5% of all expenditure.



**How much could fraud
be costing SCC?**

CIPFA: £3.3 million

Annual Fraud Indicator
£17 million

£million.

Source: PKF/Experian Annual Fraud Indicator, May 2016

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What is Fraud?

False Representation

- **Dishonestly** makes a **false representation**

Failure to Disclose Information

- **Dishonestly fails to disclose** to another person **information** which he has a **legal duty** to disclose

Abuse of Position

- Occupies a **position** in which there is an expectation to **safeguard, or not to act against** the interests of **another**. Can be committed by **omission**.

In all cases: there must be an **intent** to make a gain, for oneself **or** another, or cause a loss or risk of loss to another.

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What Bribery Offences are there?

Offering a bribe

- Offers or gives financial or other advantage
- To induce or reward improper performance from the recipient or another

Receiving a bribe

- Requests or agrees to accept a financial or other advantage
- In order that a relevant function or activity should be performed improperly.

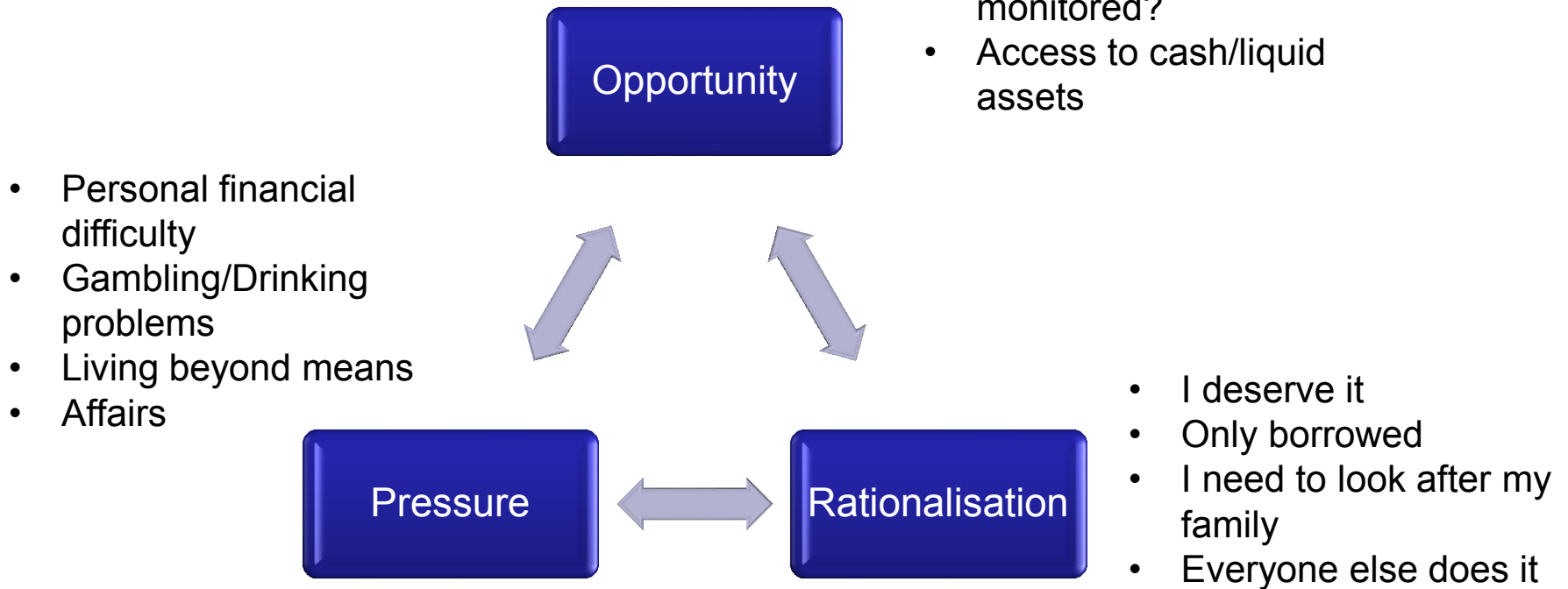
Failing to prevent

- A person associated with a corporate body commits one of the above acts, when the corporate body did not have in place adequate procedures to prevent this taking place.

Bribery Act came into effect in 2011.



When Does Fraud occur



Who Commits Fraud?

Who commits the largest frauds?

- Males
- Females

Which age group commits the most frauds?

- Under 30's
- 30-40's
- 50-60's
- over 60's

What qualifications do most fraudsters have?

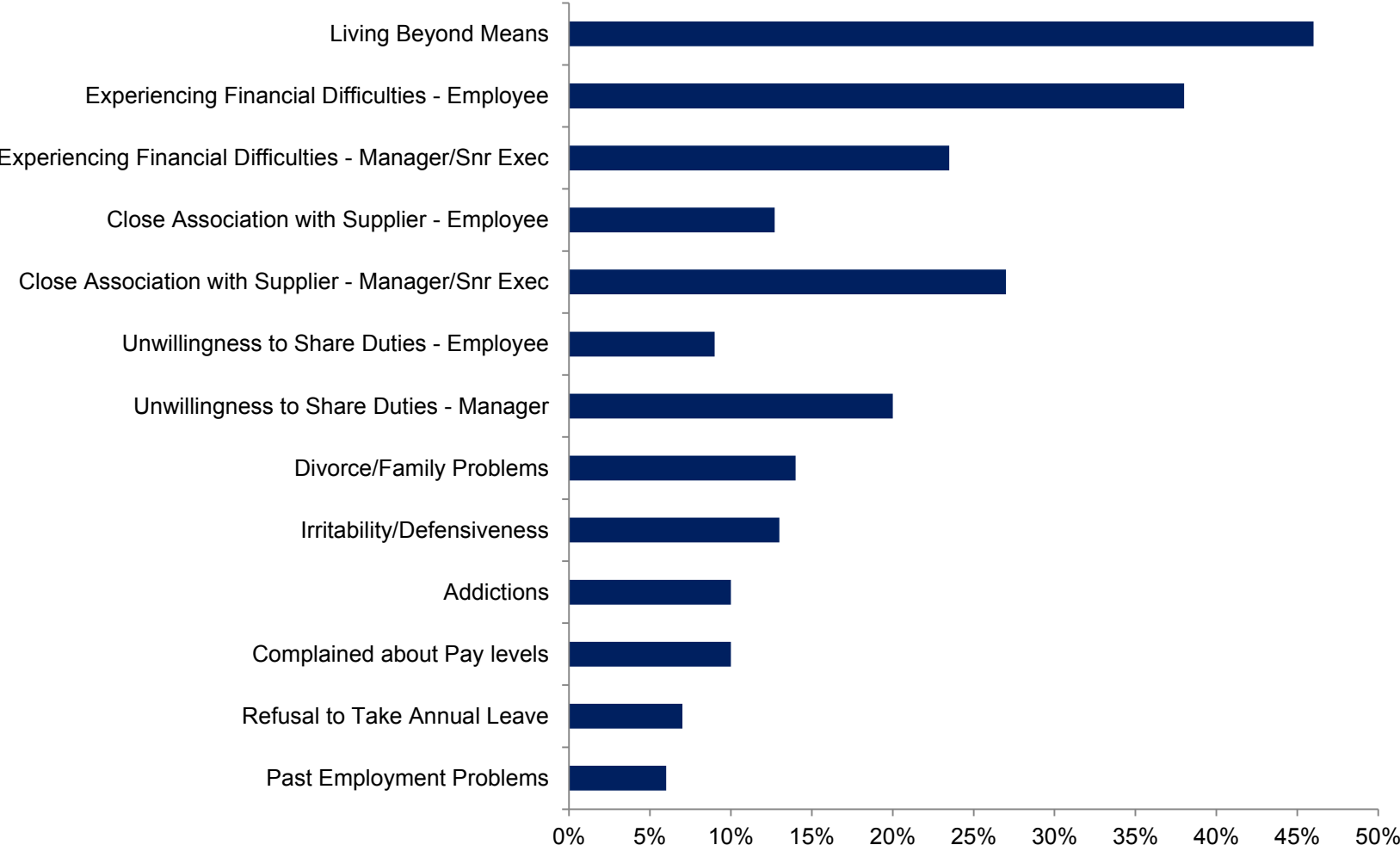
- GSCE
- Further Education
- Degree
- Post Grad

What position do the most successful fraudsters hold?

- Employee
- Manager
- Executive



Behavioural Red Flags



HR Related Red Flags

Fear of job loss 12%

Poor performance evaluation 10%

Actual job loss 8%

Non-Fraud Misconduct Red Flags

Bullying 18%

Absenteeism 11%

Tardiness 10%

Excessive internet use 7%

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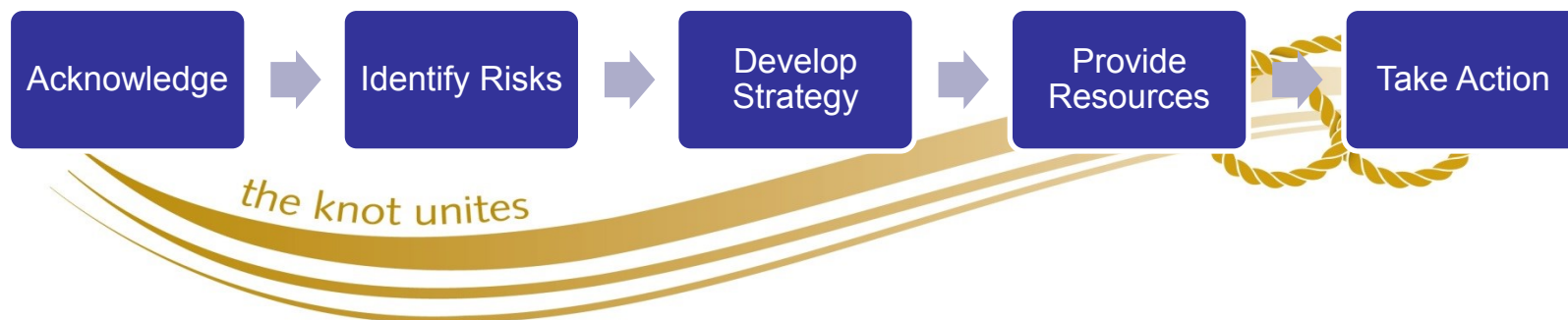


Strategies to Reduce the Risk of Fraud

CIPFA – Fighting Fraud Locally – 2016



CIPFA Code of Practice on Managing the Risk of
Fraud and Corruption - 2014



What are we doing to combat fraud losses at Staffordshire County Council?

Dedicated Fraud Resource from May 2016.

Relaunch of Fraud, Bribery and Theft Policy in November 2016

Intranet and Web resource launch November 2016, Awareness plan

Ongoing risk assessment and proactive work

Participation in NFI (from 1996)



How do we perform against the CIPFA Code of Practice

Acknowledge Responsibility

90% compliant

- 90% compliant
- Improve awareness of Senior level 'buy in' to Strategy via intranet.

Identify Risks

64% compliant

- 64% compliant
- Further development of Risk Assessments
- Implementation of e-learning/roll out of training sessions.

Develop a Strategy

71% compliant

- 71% compliant
- Development of a full strategy document, building on the newly revised Policy, which contains principles of our strategy. Refresh fraud manual.

Provide Resources

92% Compliant

- 92% compliant
- Assess the ability of investigators to investigate at partner organisations

Take Action

67% Compliant

- 67% compliant
- Review linked Policy framework (Cyber Security, G&H, Register of Interests, Bribery and Corruption etc). Improve awareness of AML procedures.

Staff Survey – September 2016

A September 2016 electronic staff survey assessed awareness of key policies and confidence in how a reported concern would be dealt with.

Key Policies

- **Most staff aware of key policies:**
 - Whistleblowing (79%)
 - Code of Conduct (90%)
 - Declaring Interests (78%)
 - Gifts and Hospitality (97%)
- **Room for improvement regarding awareness of Policies around:**
 - Fraud, Bribery and Theft (70%)
 - Anti Money Laundering (55%)

Staff Survey – September 2016

A September 2016 electronic staff survey assessed awareness of key Policies and confidence in how a reported concern would be dealt with.

Culture

- **Most Staff agree the Council has an ‘anti-fraud’ stance**
 - The Council does not tolerate fraud or bribery (85%)
 - A concern shared with a line manager would be dealt with appropriately (76%)
 - A concern would be investigated thoroughly (72%)
- **Room for improvement regarding how to report a fraud**
 - Limited employees knew how to report a fraud at the Council (42%)
 - Less knew how to report a fraud regarding a Council partner organisation or contractor (33%)

Next Steps

- Proactive work planned:
 - Procurement
 - Direct payment risk assessment
 - Review of fraud arrangements within a large contractor
 - National Fraud Initiative 2016/17
- Continued monitoring of P-cards, expenses, bank accounts, policies
- Implementation of Communications strategy, increasing awareness of Policies
- Development of Strategy Document

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Any Questions?

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Reporting Form (*coming Nov 2016*)

www.staffordshire.gov.uk/fraud

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