

COUNTER FRAUD STRATEGY

(To include Bribery, Corruption & Anti-Money Laundering)

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Contents

COUNTER FRAUD STRATEGY	3
Position Statement.....	3
Preventing Fraud	3
Detecting Fraud	6
Response Protocols.....	7

COUNTER FRAUD STRATEGY

Position Statement

This strategy reflects a robust approach to combating fraud, corruption and bribery focusing on prevention, detection, and investigation.

Ceredigion County Council has adopted an overarching mission in its position to counter fraud:

To find, prevent, and stop fraud against the Council to protect public funds.

Our objectives to drive a targeted, zero-tolerance response to fraud corruption and bribery are to:

- Support and develop Council officers and elected Members' awareness of and response to fraud corruption and bribery.
- Embed effective counter-fraud prevention measures.
- Utilise data and technology effectively in our response to fraud.

In delivering our mission to counter fraud, we have adopted the principles within CIPFA's Code of Practice for Counter Fraud, which are to:

- Acknowledge the responsibility of the governing body for countering fraud corruption and bribery.
- Identify fraud and corruption risks.
- Develop an appropriate counter fraud and corruption strategy.
- Provide resources to implement the strategy.
- Take action in response to fraud and corruption.

This Strategy is supported by the Council's Counter Fraud Protocol and Fraud Response Plan, which guides officers on action to take in reporting suspicious or detected fraudulent activity.

Preventing Fraud

The best measures to reduce the risk of fraud are to implement and maintain effective internal controls to prevent fraud occurring.

Risk Assessment

Regular, thorough Counter Fraud risk assessments are conducted by key officers. Identified risks are logged and tracked on the Council's Fraud Risk Register and feed

into the Corporate Risk Management process.

Internal Audit work with services to identify and address vulnerabilities to improve the effectiveness and robustness of counter fraud controls.

Deterrence and Awareness

When individuals consider fraudulent behaviour, they deliberate the reward against the risk of the activity. If fraudulent behaviour is discovered and met with harsh penalties it increases their risk factor which in turn minimises the probability of the fraudulent act. Raising awareness of the consequences of discovery therefore improves the effectiveness of deterrents such as:

- Publicising the fact that the Authority acts robustly in relation to fraud, corruption, bribery and any malpractice, and states this at every appropriate opportunity (e.g. clauses in contract, statements on claim forms, websites and publications)
- Acting robustly and decisively when any malpractice is suspected and proven (e.g. terminating a contract, dismissing an employee, prosecuting defrauders)
- Taking action to effect the maximum recoveries for the Authority (e.g. through agreement, court action, penalties)

Employees can access a dedicated Fraud page on Ceri Net and this strategy and the accompanying Counter Fraud Policy is available for public viewing via the Council Website. Employees are reminded of their obligations to be Fraud Aware during the annual International Fraud Awareness week in November.

Training & Learning for Continuous Improvement

The continuing success of the Authority's Counter Fraud, Corruption and Bribery and Anti-Money Laundering arrangements will be partly reliant on the effectiveness of staff training and responsiveness throughout the Authority.

Managers must ensure that adequate and appropriate Counter Fraud training and development is provided for their staff, especially those involved in the internal control system.

All staff must complete the mandatory E-learning module Fraud Awareness & Code of Conduct available on the e-learning platform

<https://dysgu.ceredigion.gov.uk/login/index.php>. The eLearning module requires refresher training to be completed by all employees every three years.

Following the conclusion of any fraud investigation, relevant service managers should

consult Internal Audit to:

- Identify and implement robust, effective improvements to controls and procedures.
- Review training needs across the organisation.
- Report lessons learnt to GAC and senior management to help embed a culture of awareness and prevention.

Networking

Internal Audit are members of the North & Mid Wales Audit Partnership Fraud subgroup. This group shares knowledge of fraud risks, best practice, training and networking opportunities with key organisations such as CIPFA and Audit Wales.

National Anti-Fraud Network (NAFN) and other external bodies that alert the Council to prevalent national or corporate fraud, along with responses to notifications from other local authorities or network groups, will aid in detecting and preventing fraud attempts.

Regular Reporting

Referral and Reporting

Internal Audit maintain a log of reported instances of fraud and suspected fraud. These, along with examples of pro-active preventative and detective work undertaken are reported annually to senior management and the Governance & Audit Committee as part of regular Internal Audit reports.

The Council considers reports and recommendations by Audit Wales to tackle fraud effectively, for example, 'Raising our Game' - Tackling Fraud in Wales and The National Fraud Initiative in Wales.

Instances of fraud, where appropriate, will also be shared with External Regulators including Ombudsman and Audit Wales as well as other external bodies such as the National Fraud Initiative (NFI), Action Fraud, CIPFA Counter Fraud Centre and NAFN for data sharing reasons or to alert others.

Monitoring & Review

This Strategy and the accompanying Counter Fraud Protocol document will be monitored periodically by the Corporate Lead Officer, Finance & Procurement and the Corporate Manager – Internal Audit.

Internal Audit reviews the effectiveness of counter fraud arrangements and controls in specific engagements as part of the Internal Audit annual plan.

The Council's Counter Fraud response is reported annually in the Corporate Manager Internal Audit's Counter Fraud report which is presented to Leadership Group and the Governance and Audit Committee for monitoring and oversight.

This Strategy and the accompanying Counter Fraud Protocol will be reviewed at least every three years or following a major incident involving fraud.

Detecting Fraud

Proactive

The Council undertakes a number of proactive measures to detect fraud, corruption and bribery including publicising the Council's anti-fraud and corruption stance, and actions it takes against fraudsters and ensuring the DWP's hotline number is easy to find.

Internal Audit includes reviews of internal controls within their annual strategy and risk-based plan to assess their appropriateness and effectiveness. Frequent audits of key controls present in the Authority's main financial systems, such as payroll and creditor payments are included in the plan. Internal Auditors consider the opportunity or the presence of fraud in all engagements in line with the Global Internal Audit Standards.

Internal Audit use techniques such as data analytics to validate and interrogate data between systems such as payroll, payments and grants to identify discrepancies which may detect fraudulent activity.

Internal Audit work with Council services on a consultancy basis providing insight and foresight to the consideration of fraud in new systems and projects.

An annual Fraud Risk Assessment is conducted by the Corporate Manager – Internal Audit to collate fraud risks and existing counter fraud controls across the Council. The assessment informs the basis for the Fraud Assessment and the Fraud Risk Register which then feeds into the Council's Risk Management process for oversight.

The results of the annual Fraud Risk Assessment also inform Internal Audit's risk-based plan to assess the effectiveness and appropriateness of existing counter fraud controls.

Acting on notifications from CIPFA, NAFN (National anti-fraud network), networking groups and other external bodies which may alert the Council of any prevalent national /

corporate fraud. Making use of national and local initiatives to detect/prevent fraud eg the National Fraud Initiative exercise.

Reactive

Despite the best efforts of employees, fraud is often discovered through Internal Audit's work, as a result of change or through a 'tip-off'. The Authority has systems in place to deal with such incidents correctly.

The Council takes a reactive approach to instances of fraud, corruption and bribery including:

- Investigating fraud referrals
- Implementing effective whistleblowing arrangements
- Detecting fraud through data analysis
- Recovering assets and money where possible, and
- Promoting the use of sanctions, including disciplinary, regulatory and criminal.

It is important to ensure that a review is undertaken following a report of fraud to assess whether the internal controls within the affected system are effective and appropriate to sufficiently mitigate the risk of fraud. Internal Audit can advise services on existing controls in place, and where appropriate, make recommendations to strengthen them.

Response Protocols

Containment

Where fraud, corruption and bribery is suspected it is vitally important to ensure that information and evidence is contained and remains unaltered.

Employees or managers must NOT do the following, as it may affect any further investigation:

- alter, remove or delete any documentation or evidence
- attempt to investigate any incidents of suspected fraud and/or corruption
- discuss the matter with any suspected individual or colleagues.

Notifying Suspected Fraud or Corruption

In accordance with the Authority's Financial Regulations (Point 1.8.3), all instances of suspected or confirmed fraud, corruption and bribery must be notified to the Corporate Lead Officer, Finance & Procurement and the Corporate Manager – Internal Audit. This can be done directly using the details above or by emailing fraud@ceredigion.gov.uk.

The Council's staff and elected Members are positively encouraged to raise concerns regarding suspected fraud, bribery and corruption. They can do this in the knowledge that such concerns will be treated confidentially, as far as possible. A suspicion of wrongdoing must be reasonably held.

The normal route for expressing a concern should be via line managers in the first instance, where appropriate. However, in instances where reporting to their normal line manager is not appropriate, other key routes may be used to raise such concerns.

The following Reporting Officers can be contacted through telephoning Clic at 01545 570881 or emailing clic@ceredigion.gov.uk:

- Corporate Lead Officer – Finance & Procurement (Section 151 Officer)
- Corporate Manager – Internal Audit
- Chief Executive
- Corporate Lead Officer – Legal & Governance (Monitoring Officer)
- Corporate Lead Officer – People & Organisation
- Leader of the Council; Cabinet or other Members
- Audit Wales info@audit.wales

Concerns may also be reported to the Monitoring Officer, under the Whistleblowing Policy. The Council's Whistleblowing policy allows staff to report suspected fraud without fear of recrimination, and any reports will be investigated fully. The Council will apply penalties including internal disciplinary, regulatory and criminal sanctions as well as seeking redress for any incidents of fraud discovered, including recovery of assets and money where possible.

The Authority will ensure that any allegation of fraud of any kind, including anonymous letters or telephone calls, will be looked at and thoroughly investigated in an appropriate manner. Reporting should be carried out as a matter of urgency.