Dudley Council

Anti Fraud & Corruption Strategy 2026



Dudley
Metropolitan Borough Council

Table of Contents

1. Foreword and Commitment 3
2. Purpose and Scope 3
3. Definitions 5
4. Strategic Objectives 7
5. Strategic Framework 9
6. Our Counter Fraud Approach 10
7. Fraud Risk Management 13
8. Roles and Responsibilities 14
9. Review 22

1. Foreword and Commitment

1.1 The Council is fully committed to the prevention, detection and deterrence of fraud, bribery and corruption. A zero-tolerance approach is adopted; all instances will be investigated and appropriate action taken, including recovery of losses and prosecution where necessary.

1.2 Protecting public funds is fundamental to delivering services and maintaining public confidence. Fraud diverts resources from those most in need and undermines effective governance.

1.3 This Strategy sets out the Council's framework for managing fraud risk and promoting a strong counter-fraud culture across all activities.

2. Purpose and Scope

Purpose

2.1 The purpose of this Strategy is to set out the Council's clear and consistent approach to preventing, detecting and responding to fraud, bribery and corruption, and to demonstrate the Council's commitment to protecting public funds and maintaining the highest standards of governance, integrity and accountability.

2.2 The Strategy establishes a corporate framework that:

- Defines the Council's zero-tolerance position on fraud and corruption;
- Sets out roles, responsibilities and expectations across the organisation;
- Provides a structured and coordinated approach to managing fraud risk; and
- Supports the effective use of resources through the prevention of financial loss and reputational damage.

2.3 This Strategy forms a key component of the Council's overall governance and control environment and supports compliance with statutory and professional requirements, including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Fighting Fraud & Corruption Locally - A Strategy for the 2020s.

Scope

2.4 This Strategy applies to all activities undertaken by or on behalf of the Council, including:

- All Members, employees and school-based staff;
- Contractors, suppliers, partners and third parties; and
- Any individual or organisation receiving Council services or funding.

2.5 It covers all forms of fraud, bribery and corruption, including (but not limited to):

- Financial fraud and irregularity;
- Theft, misuse or misappropriation of assets;
- Procurement and contract fraud;
- Abuse of position and
- Bribery and improper inducements.

Relationship to Other Policies and Frameworks

2.6 This Strategy focuses primarily on corporate fraud risks affecting the Council's internal governance, financial management and use of public funds. It forms part of a wider framework of policies and procedures designed to prevent, detect, investigate and respond to fraud and corruption across the organisation.

2.7 While this Strategy sets out the Council's overarching approach to counter fraud, it does not replace more detailed operational or service-specific arrangements. The Council maintains separate strategies, policies and procedures to address fraud and enforcement activity within specific service areas, including Housing Tenancy Fraud, Trading Standards, Planning and Environmental Health. These arrangements include distinct investigation, enforcement and prosecution frameworks appropriate to their regulatory responsibilities.

2.8 This Strategy should therefore be read in conjunction with the Council's wider governance framework, including:

- Financial Regulations and Contract Standing Orders;
- Members' and Employees' Codes of Conduct;
- Whistleblowing Policy and reporting arrangements;
- Anti-Money Laundering arrangements;
- Annual Counter Fraud Plan and
- Service-specific counter-fraud and enforcement strategies.

Together, these documents provide a comprehensive framework to prevent, detect, investigate and respond to fraud and corruption.

Culture and Expectations

2.9 The Council expects all individuals and organisations associated with it to act with honesty, integrity and transparency, and to play their part in protecting public resources.

This Includes:

- A clear responsibility to report suspected fraud or irregularity;
- Compliance with relevant policies, procedures and controls and
- Active support for the Council's anti-fraud culture.

3. Definitions

Overview

3.1 For the purpose of this Strategy, fraud, bribery and corruption are defined broadly to include any intentional dishonest act or omission that results in, or is intended to result in; personal gain, organisational gain or loss to the Council.

3.2 Fraud and corruption may be committed by employees, Members, contractors, partners, service users or external organisations, and may occur in any area of Council activity.

Definition of Fraud

3.3 Fraud is the deliberate use of deception to secure gain or cause loss.

Under the Fraud Act 2006, fraud can be committed in three main ways:

- Fraud by false representation – where a person dishonestly makes a false statement or representation;
- Fraud by failing to disclose information – where there is a legal duty to disclose information, but it is withheld and
- Fraud by abuse of position – where a person abuses a position of trust to make a gain or cause loss.

3.4 Fraud can also include related offences such as:

- Obtaining services dishonestly;
- Possession or use of articles for fraud; and/or
- Participation in fraudulent business activity.

In practice, fraud typically involves misrepresentation, concealment of information or the manipulation of systems, records or processes.

Definition of Corruption

3.5 Corruption generally involves the misuse of a position of trust or authority for personal benefit or to improperly influence decisions. This may include:

- Offering, giving, soliciting or receiving inducements or rewards;
- Favouring particular individuals or organisations for improper reasons; and/or
- Failing to act impartially in the best interests of the Council.

Corruption can arise in many areas, particularly in procurement, contract management, enforcement functions, recruitment and decision-making processes.

Definition of Bribery

3.6 Bribery is defined under the Bribery Act 2010 and occurs where a person:

- Offers, promises or gives an advantage to induce improper performance; or
- Requests, agrees to receive or accepts an advantage for improper performance.

The Act applies regardless of whether the advantage is accepted or whether the improper act ultimately occurs.

3.7 Bribery can occur in both financial and non-financial forms, including gifts, hospitality, employment opportunities or other benefits.

Financial Irregularity and Theft

3.8 For the purposes of this Strategy, fraud and corruption also include:

- Theft or unauthorised use of Council funds, assets or resources;
- Financial irregularities involving cash, assets, materials or property; and/or
- Deliberate breaches of financial controls or procedure.

These may arise through both internal and external activity.

Examples of Fraud and Corruption

3.9 Examples (not exhaustive) include:

- Submitting false or inflated invoices;
- Failing to declare conflicts of interest in procurement decisions;
- Theft or misuse of Council property or funds;
- Providing false information to obtain payments, services or employment;
- Manipulating records, financial systems or performance data;
- Falsely claiming hours worked, expenses or allowances; and/or
- Accepting or offering gifts, hospitality or inducements to influence decision.

Economic Crime and Wider Context

3.10 Fraud and corruption form part of wider economic crime, which includes offences such as money laundering, bribery and organised criminal activity.

3.11 The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence relating to the failure to prevent fraud. While this does not directly apply to local authorities, it sets clear expectations for strong fraud prevention arrangements and may apply to associated organisations or partnerships.

3.12 The Council will adopt best practice principles arising from this legislation to strengthen its governance framework.

Key Characteristics of Fraud Risk

3.13 Fraud typically arises where three conditions are present (often referred to as the “fraud triangle”):

- Motivation or pressure;
- Opportunity; and

- Rationalisation.

The Council's control environment aims to minimise opportunity and strengthen detection and deterrence.

Summary

3.14 In summary, fraud, bribery and corruption involve:

- Dishonest behaviour;
- Abuse of position or systems and
- Intent to gain or cause loss.

3.15 All such activity is considered serious misconduct and will be addressed in accordance with this Strategy and relevant legal and disciplinary processes.

4. Strategic Objectives

Strategic Aim

4.1 The overarching aim of this Strategy is to ensure that the Council has effective, proportionate and intelligence-led arrangements in place to minimise the risk of fraud and corruption, and to respond effectively where such activity is identified.

Strategic Objectives

4.2 To achieve this aim, the Council will:

a) Protect Public Funds and Assets

- Safeguard the Council's financial resources, assets and systems;
- Ensure that public funds are used only for their intended purposes; and
- Minimise financial losses arising from fraud and corruption.

b) Embed a Strong Counter-Fraud Culture

- Promote a culture of honesty, integrity and accountability;
- Reinforce zero tolerance to fraud and corruption at all levels; and
- Ensure that staff, Members and partners understand their responsibilities.

c) Identify and Manage Fraud Risk

- Identify, assess and actively manage fraud risks across all service areas;
- Integrate fraud risk within corporate and service risk registers; and
- Respond to emerging threats, including those arising from new delivery models and external factors.

d) Prevent and Detect Fraud

- Maintain robust systems of internal control and governance;

- Improve fraud prevention through strong controls, process design and workforce awareness; and
- Use data, intelligence and assurance activity to detect fraud at the earliest opportunity.

e) Investigate and Take Action

- Ensure that all allegations of fraud and corruption are investigated appropriately and proportionately;
- Apply sanctions where wrongdoing is identified, including disciplinary, civil and criminal action; and
- Work with external agencies where appropriate.

f) Recover Losses and Protect Outcomes

- Seek to recover losses wherever it is proportionate and cost-effective to do so;
- Ensure that lessons learned are identified and acted upon; and
- Strengthen systems and controls to prevent recurrence.

g) Maintain Public Confidence

- Demonstrate transparency, accountability and good governance;
- Protect the Council's reputation and integrity; and
- Provide assurance to Members, stakeholders and the public.

4.3 The Council has a very low risk appetite for fraud and corruption and operates a zero-tolerance approach, recognising the need for proportionate and risk-based controls.

Outcomes & Success Measures

4.4 The Council will monitor the effectiveness of this Strategy through a range of indicators and assurance measures. These will support continuous improvement and provide assurance to senior management and the Audit Committee that fraud risks are being effectively managed.

Key measures may include:

- Levels of fraud losses - Monitoring identified and recovered losses arising from fraud and corruption;
- Increased Reporting and Awareness - Levels of referrals, whistleblowing reports and fraud notifications, reflecting a strong counter-fraud culture;
- Implementation of Control Improvements - Progress in implementing agreed actions arising from audit work, investigations and fraud risk assessments;
- Internal Audit Assurance - Findings from Internal Audit work on fraud risk and the annual opinion on governance, risk management and internal control; and

- External and Regulatory Assurance - Outcomes of External Audit and other inspection activity relating to fraud and governance arrangements.

These measures will be reported through established governance arrangements, including Internal Audit reporting, the Annual Fraud Report and the Annual Governance Statement.

5. Strategic Framework

Overview

5.1 The Council's approach to countering fraud and corruption is based on recognised national standards and best practice. It adopts a structured and risk-based framework which integrates prevention, detection, investigation and response activities within the Council's wider governance and assurance arrangements.

Alignment to National Frameworks

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

5.2 The Council has adopted the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, which require organisations to:

- Acknowledge responsibility for countering fraud and corruption;
- Identify and assess fraud risks;
- Develop and maintain an appropriate counter-fraud strategy;
- Provide appropriate resources and capability; and
- Take effective action in response to fraud and corruption.

These principles underpin the Council's governance and control environment and support effective financial stewardship.

Fighting Fraud and Corruption Locally (FFCL) – A Strategy for the 2020s

5.4 The Council's strategic approach aligns with the FFCL framework, which sets out the local government response to fraud and corruption through the following key themes:

- **Acknowledge** – recognising the importance of leadership, ownership and accountability;
- **Prevent** – establishing robust systems, processes and controls;
- **Pursue** – taking effective action against fraud and corruption; and
- **Protect** – safeguarding the Council, its residents and its services.

The Council undertakes periodic self-assessment against FFCL standards to identify strengths and areas for improvement.

6. Our Counter Fraud Approach

Overview

6.1 The Council adopts a proactive, risk-based and intelligence-led approach to countering fraud, bribery and corruption. This approach is designed to minimise the risk of fraud occurring, maximise the likelihood of early detection, and ensure that effective action is taken where issues are identified.

6.2 The Council's framework integrates prevention, detection, investigation and response activities within its wider governance, risk management and assurance arrangements. This ensures that counter-fraud activity is embedded across all service areas and aligned with corporate priorities. The effectiveness of the Council's counter-fraud arrangements informs the Annual Governance Statement and overall assurance framework.

This approach applies to corporate fraud risks and complements service-specific enforcement and investigation arrangements.

Prevention

6.3 Prevention is the most effective way to manage fraud risk. The Council will seek to reduce the opportunity for fraud to occur by maintaining strong systems, controls and governance arrangements. This includes:

- Maintaining a robust framework of internal controls, including Financial Regulations and Contract Standing Orders;
- Ensuring that fraud risk is identified, assessed and managed within corporate and service risk registers;
- Embedding fraud prevention considerations within service design, procurement and decision-making processes;
- Ensuring appropriate segregation of duties and authorisation controls in financial and operational systems;
- Strengthening recruitment and vetting processes to ensure that staff are of suitable integrity and capability; and
- Promoting a clear tone from the top that fraud and corruption will not be tolerated.

The Council also recognises that a strong organisational culture is a key preventative control. As such, it will promote awareness, encourage ethical behaviour and ensure that all staff, Members and partners understand their responsibilities.

Detection

6.4 The Council recognises that despite strong prevention arrangements, some fraud risks will materialise. Early detection is therefore critical to minimising financial loss and organisational impact. To strengthen detection capability, the Council will:

- Operate effective reporting arrangements, including whistleblowing mechanisms and fraud reporting channels;
- Encourage employees, Members, partners and the public to report concerns;

- Use data analytics and intelligence-led approaches to identify unusual or high-risk activity;
- Participate in national data matching exercises, including the National Fraud Initiative, and act on identified matches; and
- Undertake proactive fraud reviews and targeted exercises in high-risk areas.

Detection activity will be risk-based and proportionate, prioritising areas with the greatest potential exposure to fraud.

Investigation

6.5 Where fraud or suspected irregularity is identified, the Council will ensure that investigations are undertaken in a professional, proportionate and consistent manner. This includes:

- Ensuring that all allegations are assessed and investigated in line with agreed procedures;
- Ensuring investigations are appropriately coordinated in line with the Council's governance arrangements;
- Ensuring that investigations comply with legal, regulatory and evidential requirements;
- Maintaining appropriate confidentiality, fairness and due process; and
- Working with external agencies, including the Police and other authorities, where appropriate.

The Council will ensure that investigations are conducted objectively and that appropriate oversight is maintained throughout the process.

Response Recovery

6.6 The Council will take appropriate and proportionate action where fraud or corruption is substantiated. This will include:

- Taking disciplinary action where employees are found to have acted improperly;
- Pursuing civil or criminal proceedings where appropriate;
- Seeking to recover losses wherever it is reasonable and cost-effective to do so;
- Identifying and implementing control improvements following investigations;and
- Publicising outcomes where appropriate to deter future misconduct and reinforce the Council's zero-tolerance approach.

The Council's approach ensures that fraud is not only addressed but that lessons learned are used to strengthen the control environment.

Integration with Governance and Assurance

6.7 The Council's counter-fraud approach is embedded within its overall governance framework, including the Three Lines model:

- **First line (Management):** responsible for identifying risks and implementing effective controls;

- **Second line (Governance and Risk Functions):** provide oversight, policies and guidance; and
- **Third line (Internal Audit):** provides independent assurance on the effectiveness of controls and counter-fraud arrangements.

This structure ensures clear accountability and a coordinated approach to managing fraud risk.

Continuous Improvement & Emerging Risk

6.8 The Council recognises that fraud risks are continually evolving, driven by changes in technology, service delivery and external threats.

6.9 To remain effective, the Council will:

- Monitor emerging fraud risks and trends, including those linked to digital services and organised crime;
- Regularly review and update controls and processes;
- Develop and enhance the use of data, intelligence and technology to support fraud prevention and detection;
- Deliver ongoing awareness and training to staff and Members; and
- Use findings from audits, investigations and external reviews to improve the control environment.

Serious and Organised Crime

6.10 The Council is committed to taking a robust approach to fraud and corruption, which includes Serious and Organised Crime (SOC). The Council will work with West Midlands Police where appropriate to identify and take action to tackle or disrupt known SOC and Organised Criminal Gangs (OCG's) operating within the borough.

6.11 The Council will develop and deploy strategic measures to mitigate any exposure to SOC. Collaborative working and data sharing will continue to be developed as these are key to the success of combatting SOC and stopping Organised Criminal Gangs from operating in the Dudley borough.

6.12 Management must ensure that robust procedures and decision making are in place when dealing with external organisations and individuals, to prevent any attempts of Organised Criminal Gangs infiltrating or gaining access to Council services or funding.

6.13 The Council will provide general training to Members and employees to raise awareness of Serious and Organised Crime and Organised Criminal Gangs (OCG) and specific training to certain employees/teams whose services may be directly targeted by OCG's such as procurement officers.

7. Fraud Risk Management

7.1 The Council recognises fraud, bribery and corruption as key corporate risks that must be actively managed to protect public funds, service delivery and organisational reputation.

7.2 Fraud risk management is embedded within the Council's wider governance, risk management and internal control framework and is reflected within the Corporate Risk Register.

Fraud Risk Management Framework

7.3 The Council adopts a structured and risk-based approach to managing fraud risk, ensuring that**:**

- Fraud risks are identified, assessed and managed consistently;
- Risks are recorded within corporate and service risk registers;
- Appropriate controls are in place to prevent and detect fraud; and
- Risks are regularly reviewed and updated.

Identification and Assessment

7.4 Fraud risks are identified across all areas of Council activity and assessed based on likelihood and potential impact. The Senior Leadership Team are responsible for ensuring that fraud risks within their areas are identified and reflected within service risk registers, including appropriate mitigating actions.

Controls & Mitigation

7.5 The Council implements proportionate controls to mitigate fraud risk, including:

- Financial controls such as authorisation and segregation of duties;
- Compliance with Financial Regulations and Contract Standing Orders;
- Effective recruitment and vetting arrangements; and
- Data matching, monitoring and assurance activity.

Control effectiveness is subject to ongoing review and improvement.

Monitoring and Assurance

7.6 Fraud risks are monitored through:

- Regular review of risk registers;
- Internal Audit and assurance activity;
- Monitoring of fraud incidents and trends; and
- Reporting to the Senior Leadership Team and the Audit Committee.

Where weaknesses are identified, corrective action will be taken.

Roles and Responsibilities

7.7 Fraud risk management is a shared responsibility:

- Management are responsible for identifying and managing risks;

- Governance functions provide oversight;
- Internal Audit provides independent assurance; and
- All employees and partners are responsible for reporting concerns.

Fraud Risk Appetite

7.8 The Council has a very low risk appetite for fraud and corruption, operating a zero-tolerance approach. While recognising that risk cannot be eliminated entirely, the Council will:

- Minimise the likelihood of fraud occurring;
- Detect fraud at the earliest opportunity;
- Take robust and proportionate action where fraud is identified; and
- Seek recovery of losses where appropriate.

Residual risks will be recorded, monitored and escalated where necessary through established governance arrangements.

8. Roles and Responsibilities

8.1 The Council's approach to preventing, detecting and responding to fraud, bribery and corruption is underpinned by clear governance arrangements and defined roles and responsibilities. Effective counter fraud activity is dependent on all those involved with the Council; Members, Officers, partners and service users all understanding their responsibilities and acting with integrity to safeguard public resources.

8.2 The following section sets out the respective roles and responsibilities across the Council, ensuring accountability for fraud risk management and supporting a coordinated and consistent approach to preventing and responding to fraud and corruption.

Statutory Officer Responsibilities

8.3 The effective prevention, detection and management of fraud, bribery and corruption rely on strong leadership and clear accountability at a senior level. The Council's statutory officers; the Chief Executive, the Section 151 Officer and the Monitoring Officer all play a critical and complementary role in ensuring that robust governance, legal compliance and financial control arrangements are in place and operating effectively.

8.4 Working together, these roles provide strategic oversight of the Council's counter-fraud framework, ensuring that risks are appropriately identified, managed and escalated, and that action taken in response to fraud and corruption is lawful, proportionate and consistent.

Chief Executive

8.5 The Chief Executive is responsible for ensuring that a strong governance culture is embedded across the organisation, promoting high standards of conduct and integrity among Members and Officers. This includes ensuring that appropriate training, guidance and leadership are in place to support awareness and compliance with the Council's ethical and governance standards.

Director – Resources (& s151 Officer)

8.6 The Section 151 Officer has overall responsibility for the proper administration of the Council's financial affairs and for ensuring that effective systems of internal control are in place to prevent and detect fraud and irregularity. This includes maintaining a robust financial control environment, overseeing fraud risk management arrangements and ensuring that appropriate action is taken in response to suspected or identified fraud, including the recovery of losses and reporting to the Audit Committee.

Director – Legal, Compliance & Assurance (& Monitoring Officer)

8.7 The Monitoring Officer is responsible for ensuring that the Council operates within the law and maintains high standards of governance and ethical conduct. Within the context of counter fraud arrangements, this includes oversight of Member conduct, conflicts of interest and whistleblowing arrangements, as well as providing legal and governance advice in relation to fraud and corruption cases and ensuring that appropriate escalation and reporting takes place where breaches of law or governance are identified.

8.8 Collectively, these statutory roles ensure that the Council's counter fraud arrangements are supported by strong governance, effective financial management and legal compliance, providing assurance that fraud risks are managed appropriately and that the Council maintains the highest standards of integrity and accountability.

Notification & Redress

8.9 All suspected irregularities (corporate fraud) must be reported to the Associate Director – Audit, Controls & Assurance who receives them on behalf of the s151 Officer. The Associate Director – Audit, Controls & Assurance will maintain a record of all such reports and will ensure a proportionate investigation is completed. Significant matters will be reported on to the Chief Executive, Section 151 Officer, Monitoring Officer and the Audit Committee as appropriate.

8.10 The Associate Director – Audit, Controls & Assurance along with the s151 Officer is responsible for determining which cases of fraud and corruption are referred for consideration of action through the criminal courts. The instigation of prosecution proceedings is the responsibility of the Director - Legal, Compliance and Assurance. All cases where it appears that a crime has been committed must be reported. In cases whereby Members are suspected of wrongdoing, the s151 Officer will consult with the

Chief Executive, Director - Legal, Compliance and Assurance and if appropriate, the External Auditors.

8.11 Where, following an investigation into suspected fraud or corruption, a Director decides not to instigate disciplinary proceedings, and the Section 151 Officer disagrees with that decision, the matter will be escalated to the Chief Executive for consideration. The Chief Executive will determine the appropriate course of action, taking into account advice from the Section 151 Officer and the Monitoring Officer as appropriate.

Senior Information Risk Owner (SIRO)

8.12 The Senior Information Risk Owner (SIRO) provides strategic oversight of the Council's information risk management arrangements and supports the prevention, detection and response to fraud, bribery and corruption where these involve the misuse, compromise or exploitation of information, data or information systems. The SIRO is responsible for promoting effective information governance, cyber security and data protection arrangements and ensuring that significant information related risks are identified, assessed and managed appropriately. The SIRO works with Internal Audit, IT, Risk Management and service management to support the investigation of significant information security incidents and suspected fraud and to ensure that lessons learned are used to strengthen controls and reduce the risk of recurrence.

8.13 The SIRO also supports the Council's response to emerging threats, including cyber-enabled fraud, phishing, business email compromise and other forms of economic crime that seek to exploit information, data or digital systems.

Members

8.14 Members have a key role in promoting high standards of governance, integrity and accountability and in supporting the Council's approach to preventing and detecting fraud, bribery and corruption.

8.15 Members are expected to:

- Comply with the Council's Constitution and Codes of Conduct;
- Adhere to Governance and Financial Arrangements;
- Seek Advice Where Required - Where there is uncertainty regarding responsibilities or the appropriate course of action, Members should seek advice from the Chief Executive, the Section 151 Officer or the Director – Legal, Compliance & Assurance (Monitoring Officer); and
- Report Suspected Irregularities - In accordance with Financial Regulations, Members must report any known or suspected irregularities involving Council resources, including suspected fraud or corruption, to Associate Director – Audit, Controls & Assurance on behalf of the Section 151 Officer, or the Director - Legal, Compliance and Assurance.

Where concerns involve another Member, these should be reported in accordance with the Council's governance procedures for managing standards and conduct matters.

Directors & Headteachers (of Maintained Schools)

8.16 Directors and Head Teachers (or managers with delegated responsibility) are responsible for ensuring effective arrangements are in place to prevent, detect and manage fraud and corruption within their areas of responsibility.

8.17 They must:

- **Manage Fraud Risk and Controls** - Ensure fraud risks are identified, assessed and recorded within service risk registers, with appropriate mitigating actions in place. Fraud Risk Assessments should be documented, regularly reviewed and aligned with service planning and internal audit activity.
- **Maintain Effective Internal Controls** - Ensure compliance with the Council's control framework, including Financial Regulations and Contract Standing Orders, and implement any additional controls or actions required by the Section 151 Officer, Director - Legal, Compliance and Assurance, External Audit or the Council's Insurance Team.
- **Ensure Staff Awareness and Compliance** - Ensure that staff are aware of and comply with relevant policies and procedures, including the Employees' Code of Conduct, and receive appropriate training in fraud awareness, particularly in higher risk areas.
- **Recruitment and Vetting** - Maintain robust recruitment and vetting arrangements to ensure that staff are suitable for their roles, including appropriate pre-employment checks such as references, qualifications, right to work and, where required, DBS checks.
- **Report Suspected Irregularities** - Report any known or suspected fraud, corruption or irregularity involving Council resources immediately to the Associate Director – Audit, Controls & Assurance who receives these on behalf of the Section 151 Officer.
- **Follow Approved Investigation Procedures** - Ensure that suspected fraud cases are managed in accordance with the Council's procedures. Directors and Head Teachers **must not**:

    - Conduct or authorise investigations without appropriate approval;
    - Alert suspected individuals; and/or
    - Refer matters directly to the Police.

In respect of the above, police referral is the responsibility of the Director - Legal, Compliance and Assurance in consultation with the Associate Director – Audit, Controls & Assurance and the S151 Officer and the appropriate Director and/or Head Teacher. The Director - Legal, Compliance and Assurance is responsible for the instigation of prosecution proceedings undertaken by the Council.

- **Support Data Matching and Assurance Activity** - Ensure that outcomes from data matching exercises, including the National Fraud Initiative, are appropriately reviewed and investigated.

School Governors

8.18 All School Governors should familiarise themselves with the Governors' Code of Conduct and ensure they comply with its requirements.

8.19 School Governors need to ensure they are aware of their responsibilities in relation to the prevention and detection of fraud and corruption and how to respond should they suspect any irregularity or if matters are brought to their attention. These duties and responsibilities are outlined in the School Governors' handbook.

Employees

8.20 All employees should familiarise themselves with the Employees' Code of Conduct (which forms part of the Council's Constitution) and ensure they comply with its requirements. Specific requirements relating to the prevention and detection of fraud and corruption include but are not limited to:

- Declaration of relationships with a contractor(s) and or external stakeholders where a conflict may be present;
- Relationships with applicants for employment;
- Personal interests in conflict with the Council's interests;
- The separation of duties in tendering; and
- Giving/receiving gifts and/or hospitality (whether accepted or not).

8.21 In addition, employees are expected to observe any Code of Conduct or requirements stipulated by any professional body to which they belong, accredited by or affiliated to or where membership or standards are necessary or relevant to their role within the Council.

8.22 If there is any uncertainty whether something may potentially cause a conflict or an issue, members of staff should bring this to the attention of their manager who will check, in the meantime the member of staff should take a common sense but cautious approach to the matter whilst it is being considered.

8.23 All employees should familiarise themselves with:

- Those parts of Contract Standing Orders and Financial Regulations which are relevant to their role; and
- Any other relevant parts of the Council's Constitution, statutory or mandatory instruction, guidance or known good practice.

Employees should ensure that they comply with all relevant requirements. In case of doubt about which requirements are relevant to them, or how these requirements may apply, they should seek guidance from their managers.

8.24 All suspected irregularities covered by this strategy must be reported to the Associate Director – Audit, Controls & Assurance who receives them on behalf of the s151 Officer.

8.25 However, if an employee has concerns about raising the matter directly with the Associate Director – Audit, Controls & Assurance, the Council's Whistleblowing Policy sets out how it can be reported to a number of other contacts both within and external to the Council, and anonymously if necessary.

8.26 Employees must also inform their manager (or via any other method as outlined in 8.23) of any illegality, impropriety, breach of procedure or serious deficiency in the provision of any service.

Internal Audit

8.27 The Council adopts the Three Lines model to underpin its approach to managing fraud risk, ensuring a clear division between operational control, oversight and independent assurance:

First Line – Management and Control:
Service management is responsible for identifying and managing fraud risks within day-to-day operations and for maintaining effective internal controls.

Second Line – Oversight and Support:
Governance, risk and compliance functions provide frameworks, guidance and challenge to support consistent and effective risk management across the organisation.

Third Line – Independent Assurance (Internal Audit):
Internal Audit provides independent assurance on the effectiveness of the Council's governance, risk management and internal control arrangements, including those designed to prevent and detect fraud and corruption.

8.28 Internal Audit, supporting the S151 Officer in their role and led by the Director - Legal, Compliance and Assurance, plays a central role in supporting the Council's management of fraud risk through independent assurance, coordination and insight.

8.29 In delivering this role, Internal Audit:

- **Provides Independent Assurance** - Reviews and evaluates the effectiveness of the Council's arrangements for managing fraud risk, including the adequacy of internal controls and the effectiveness of preventative and detective measures.

- **Assesses the Control Environment** - Identifies weaknesses in systems and controls that could expose the Council to fraud risk and makes clear, actionable recommendations for improvement.

- **Supports a Risk-Based Approach** - Ensures that counter-fraud activity is aligned to the Council's highest risk areas through risk-based audit planning and targeted assurance work.

- **Coordinates Counter-Fraud Activity** - Supports the delivery of the Anti-Fraud and Corruption Strategy and Fraud Action Plan, ensuring a consistent and joined-up approach across the Council.

- **Oversees Investigation Arrangements** - Ensures that fraud investigations are appropriately coordinated and conducted in line with agreed procedures, with sufficient independence, consistency and proportionality.

  Where cases of known or suspected fraud or corruption have been identified, the Associate Director – Audit, Controls & Assurance will liaise with the Director - Legal, Compliance and Assurance in consultation with management (in the relevant service area) and is responsible for deciding who should investigate them, whether:

  - Internal Audit on behalf of the S151 Officer & Director – Legal, Compliance & Assurance;
  - The service area;
  - Other;
  - A combination of the above.

  Where an investigation into fraud and/or corruption has not been conducted by Internal Audit, then they must have the opportunity to review that investigation before any final decision on disciplinary or criminal proceedings is made, and also to request or conduct any further work which they consider necessary.

  NB - This would not apply to any case which had been reported directly to External Audit or the Police where they have agreed to undertake the investigation themselves.

- **Promotes Fraud Awareness and Prevention** - Supports the organisation in strengthening its control environment through training, awareness activity and the sharing of emerging risks and good practice.

- **Supports Data-Driven Detection** - Contributes to the use of data and intelligence to identify potential fraud risks, including participation in national initiatives such as the biennial National Fraud Initiative data matching exercises.

8.30 In addition to the above, Internal Audit plays a key role in ensuring that lessons learned from audits and investigations are used to strengthen the Council's overall control environment.

8.31 Through reporting, recommendations and follow-up activity, Internal Audit:

- Provides assurance to senior management and the Audit Committee;
- Supports continuous improvement in fraud risk management arrangements; and
- Ensures that control weaknesses are addressed in a timely and proportionate manner.

External Audit

8.32 As part of their statutory responsibilities, External Audit must determine whether the Council has adequate arrangements in place for standards of financial conduct and preventing and detecting fraud and corruption.

8.33 Where information about known or suspected fraud or corruption at the Council is referred to External Audit, they may decide to investigate and report on the matter themselves.

Audit Committee

8.34 The Audit Committee is a key component of the Council's governance framework and provides independent assurance to the Council on the adequacy and effectiveness of its arrangements for governance, risk management and internal control, including those relating to fraud, bribery and corruption.

8.35 In relation to fraud, bribery and corruption, the Audit Committee is responsible for:

- Overseeing the adequacy and effectiveness of the Council's arrangements for the prevention, detection, investigation and resolution of fraud and corruption, as part of its wider responsibility for the proper administration of financial affairs;
- Reviewing and approving the Council's Anti-Fraud and Corruption Strategy and receiving regular updates on its effectiveness and delivery;
- Receiving the Annual Fraud Report and Fraud Action Plan, including outcomes of counter-fraud activity, investigations and emerging risks; and
- Considering significant recommendations arising from fraud investigations, internal audit work and other assurance activity, and ensuring that appropriate management action is taken.

8.36 The Audit Committee provides oversight of the Council's assurance framework and supports effective counter-fraud arrangements by:

- Overseeing the independence, effectiveness and performance of Internal Audit, including its role in counter-fraud activity;
- Approving the risk-based Internal Audit Plan, including the Counter Fraud Plan;
- Considering Internal Audit reports, particularly those highlighting significant control weaknesses, fraud risks or limited assurance opinions; and
- Supporting effective working relationships between Internal Audit, External Audit and other assurance providers.

8.37 The Audit Committee plays a central role in ensuring that fraud risks are appropriately reflected within the Council's governance framework by:

- Reviewing the effectiveness of the Corporate Risk Management Framework, including consideration of fraud-related risks;
- Considering the Annual Governance Statement, taking into account Internal Audit's opinion on governance, risk management and internal control arrangements;
- Reviewing the Council's overall assurance framework to ensure that it addresses key risks and priorities, including fraud and corruption; and
- Overseeing governance arrangements, including the Local Code of Corporate Governance and ethical framework.

9. Review

9.1 The strategy will be reviewed on an annual basis to ensure it remains compliant with good practice, public sector standards and continues to meet the needs of the Council.

For further information please contact:

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