



CIPFA Counter Fraud Review
Slough Borough Council

February 2023

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1 Executive Summary

1.1 Purpose and scope of the review

CIPFA were commissioned to undertake a review of the counter fraud arrangements at Slough Borough Council (SBC) using the Counter Fraud Management Model (CFM Model).

The review was intended to contribute to the development of the Council's counter fraud operation and arrangements. It assessed the effectiveness of the Council's counter fraud management capability, its internal processes and operations and examines how the Council plans its future counter fraud activity. This report summarises the findings from the review, provides analysis of the model's constituent elements, and provides a rating against the CIPFA five-star model.

This includes a review of how SBC:

- Delivers investigation services
- Undertakes fraud risk assessment activity
- Reviews and reports on anti-bribery systems and risks, and development of anti-bribery controls
- Provides relevant training

Specific areas of interest raised by SBC during the review planning stage included:

- Reporting skills, particularly to senior management and board level
- Reporting techniques and templates
- Capability of staff in articulating findings within reports and witness statements
- The review and decision-making process for prosecution action
- Fraud risk management maturity
- Prioritisation – risk assessment (Intelligence)
- Turnover and turnaround of investigation (input v's output)
- Production of statistics and how they are used

The report also contains a series of recommendations. These can be developed into an action plan to support an improvement process.

1.2 Approach adopted

The review comprises the counter fraud management model's three constituent elements: an assessment questionnaire, interviews with staff, and a document review. The findings from each of these are entered into the model's framework. This allows findings to be scored against a standard set of statements representing best practice in counter fraud management and governance which is then moderated.

The statements represent management dimensions and counter fraud management styles. There are over 100 statements in total. The response to each is rated as disagree, unsure, agree, strongly agree, or evidenced where supporting evidence has been provided or can be determined during interviews and/or the document review. The collective scores for each statement are then combined to produce the overall rating.

The scoring mechanism used for this review is outlined below:

Rating	Qualifying Scoring		
*	1.00	1.49	Inadequate
	1.50	1.99	Weak
	2.00	2.24	Basic
**	2.25	2.49	Mostly Competent
	2.50	2.99	Competent
***	3.00	3.24	Evident
	3.25	3.49	Mostly Evident
****	3.50	3.99	Highly evident
	4.00	4.49	Strong
*****	4.50	4.74	Very Strong
	4.75	5.00	Excellent

1.3 Findings

The findings for each area of the review are scored from one to five as set out in the table above based on the responses to a series of statements given during interviews with staff, management and stakeholders, along with findings from a review of documentation.

SBC achieved a two star rating as it was felt the organisation has the basic counter fraud capability and arrangements in place that allow it to meet the minimum standards to reduce the risk of fraud and corruption, and provide a minimal level of support in the delivery of organisational outcomes.

In our experience most authorities we review fall into the range 2* to 3*. Whilst SBC's investigation activity and resources performance is considered basic, there were many areas in development that would easily bring the performance scores up once implemented and achieve a high three star or even four star rating.

Opinions of CIPFA include:

- SBC has a skilled and experience team of staff within its Counter Fraud function.
- A review of work undertaken found it to be of a high quality and delivered in accordance with best practice and legislative requirements.
- The Counter Fraud Team has demonstrated good stakeholder engagement.
- The team were agile and flexible to support the organisation with priority work during the Covid pandemic and provided valuable support to reduce the risk of Covid assistance fraud.
- Despite perceived weaknesses in a number of areas, SBC are already undertaking improvement activity that would demonstrate best practice.
- The organisation would benefit from formalising its counter fraud governance arrangements, setting clear targets for expected delivery and reporting performance to the appropriate committees.

A breakdown of results for the CIPFA review are detailed below:

Management Dimensions	Score	Result
Direction	● 1.68	Weak
Leadership	● 1.20	Inadequate
Structure	● 2.56	Competent
Planning	● 1.56	Weak
Collaboration	● 3.61	Highly evident
Accountability	● 2.78	Competent
People	● 2.83	Competent
Training	● 2.25	Mostly Competent
Stakeholders	● 1.67	Weak
Processes	● 2.33	Mostly Competent
Ethics	● 2.47	Mostly Competent
Risk	● 1.97	Weak
Overall	**	

Management Styles	Score	Result
Strategic Input	● 2.26	Mostly Competent
Improving Performance	● 2.37	Mostly Competent
Accountability for Fraud	● 1.73	Weak

1.4 Next steps and action plan

The report includes detailed recommendations aligned to the review findings. These are included within the appendices. This initial set of observations and recommendations will be the subject of discussion leading to the agreement of a final report.

The action plan is intended to stimulate debate, suggesting ways for SBC to improve areas of weakness and work towards a five-star rating of excellence.

2 Introduction and Background

2.1 Objectives of the review

CIPFA have been commissioned to undertake a review of the counter fraud management and governance arrangements of SBC using the Counter Fraud Management Model (CFM Model).

The review has the objective of assessing the Council's capability to effectively manage the risk of fraud and corruption, internal process, and operations, as well as how it plans future counter fraud management. CIPFA would expect a local authority to place significant emphasis on fraud prevention to protect public funds and not just provide a reactive investigatory service once fraud is suspected.

The review is required to contribute to the development of the Council's counter fraud management operation and arrangements.

2.2 The current position

SBC are budgeting to spend £191million in 2022/23 and are one of the most financially challenged Councils in the country having issued a s.114 notice in July 2021 and being under the direction of DLUHC Commissioners. Numerous staff changes and weaknesses in controls leads to an increased risk of fraud perpetrated by its service users, contractors and even its own staff.

The Counter Fraud team of the council is responsible for all criminal and civil investigations conducted outside of internal employment matters, however it works closely with Human Resources where internal matters include allegations of fraud and/or corruption.

The team currently comprises of five staff that have reported to finance since August 2022 and will report to the new Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance from February 2023. The current team comprise five staff whose roles include a Counter Fraud Team Manager, two Financial Investigators, a Corporate Counter Fraud Officer and a Corporate Fraud Intelligence Officer

A consistent theme that was presented during the review was that although the current counter fraud team had sufficient resources, its focus and direction was not aligned to address the fraud and corruption risks faced by the authority.

3 The Counter Fraud management model

3.1 The model purpose

CIPFA's Counter Fraud Management Model (CFM Model) can be used to support and drive effective performance in counter fraud management and governance throughout an authority. It uses a recognised framework and diagnostic tool, enabling authorities to have an independent assessment of their counter fraud management against best practices in the public sector to optimise systems, processes, resources, compliance, and reporting.

The CFM Model output will identify or substantiate weaknesses (as well as confirm strengths) and then support the development and delivery of a target-driven improvement plan allowing progress to be closely tracked and measured.

The CFM Model measures the strengths and weaknesses across the whole of an authority, examining processes, people, leadership, and stakeholders amongst other areas. The model is not just about the counter fraud function. It is about the corporate ownership and accountability for managing the risk of fraud and corruption.

The model benchmarks the authority's counter fraud management against best practice detailed in CIPFA's code of practice for managing the risk of fraud and corruption, along with the expected behaviours in the most recent Fighting Fraud and Corruption (FFCL) strategy and The Governments new Public Sector Fraud Authorities standards for creating a common structure for developing counter fraud capability.

The framework is fully aligned with today's public sector. It reflects the latest developments and opportunities in service delivery, joint working and collaboration, commercialism, and governance, and stresses the critical role and prominence of the counter fraud function within an authority.

3.2 The model approach

The CFM model is based on a series of statements focused on a dozen management dimensions including Leadership, Process, People and Stakeholders to name a few. Each of these is measured against the pillars of good counter fraud management as follows:

Strategic Input: the counter fraud function has input into strategic and operational plans taking into account proactive risk management, clear strategic direction, and focus-based outcomes.

Improving performance: counter fraud function is actively committed to continuous improvement focused on efficient and effective delivery and authority performance.

Accountability for Fraud: accountability and responsibilities for managing fraud, bribery and corruption risk are defined, mutually consistent, and traceable across all levels of management, including at board level.

Measurement is based on a series of best practice statements. A score is determined for each statement and used to assist in the overall scoring process. The process is supported by interviews of relevant staff and a review of supporting evidence.

Attached at Appendix 1 is a table that indicates the assessment criteria and characteristics of each of the star ratings.

Evidence is collected through three independent methods:

A review of documents. The purpose of considering these is to gain a view on the formal processes, arrangements, reports, and reporting processes in place. They also provide detail on counter fraud and governance in practice. The document review helps triangulate other evidence, allowing comparison of process and procedure with what happens in practice. The full list of documents reviewed can be found at Appendix 2 of this report.

A series of interviews with staff and stakeholders. The purpose of each interview is to gain an impression and understanding of the individual's thoughts on counter fraud management and governance arrangements in operation. The full list of officers interviewed can be found at Appendix 3 of this report.

A self-assessment tool. The self-assessment tool comprises of a series of statements within the model that are based around best practice. The response is reviewed relation to the evidence provided and outcomes of interviews to help form an opinion on performance.

Following completion of these steps the model can be used to score statements and arrive at an overall rating.

The three methods of evidence captured are then used to score the Authority against model and in a triangulated fashion that helps eliminate bias.

3.3 The model output

On completion, the CFM Model produces a scoring matrix. This captures the assessment and presents findings back against a series of counter fraud management dimensions and styles. Scores are based on the three sources of evidence outlined above.

This report findings and conclusions are presented against the management dimensions. The report is a snapshot in time. It is recognised that with any authority there is a process of constant change.

The report includes a headline improvement plan. This responds to key areas identified as requiring attention. The improvement plan, areas, actions, and owners will be agreed as part of finalising the report to ensure there is ownership and acceptance of the need to take action.

The scoring matrix also presents a star rating within the range 1* to 5*. This is seen as an indicator of where the authority is against the best practice model. In our experience most authorities we review fall into the range 2* to 3*. Using the review and action plan will help support the authority development and a progression to the next level.

4 The review findings

4.1 Introduction

The overall (moderated) rating for SBC against the CFM Model is two stars. The matrix below summarises the scoring and ratings achieved for each area of the review:

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
Direction	*	**	*	*
Leadership	*	*	*	*
Structure	**	*	***	**
Planning	*	*	*	*
Collaboration	**	*****	***	****
Accountability	**	**	***	**
People	**	***	*	**
Training	***	**	*	**
Stakeholders	*	*	*	*
Processes	*	*	***	**
Ethics	**	**	**	**
Risk	**	*	*	*
Overall	**	*	*	**

Summary ratings in the table are shown for each statement, with an overall final score provided following the use of a conversion and grading metric. For example, 'Processes / Strategic Input' shows in summary as * (one star), given the mixed scores against the three underlying headings (set out at the start of section 3.2) while the overall aggregated rating for Processes is ** (two stars).

The sections below will explain in further detail the findings, under the management dimension themes along with conclusions and outline recommendations for improvement.

4.2 Detailed Findings

4.2.1 Direction

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Direction	*	**	*	*

Findings

- Overall, this area has scored one star and indicates a lack of evidence detailing support for overall business objectives for counter fraud.
- Improving performance was the strongest area for measuring direction of organisational counter fraud efforts. Anti-Fraud and Corruption should be considered key to an organisation's commitment to good governance and its objectives should be aligned with and contribute to the overall organisational strategic objectives. Whilst there may be strong support for counter fraud activity from senior management and members, this could not be evidenced during the review.
- There is a lack of an agreed Anti-Fraud and Corruption delivery plan and no key performance indicators to measure the success or failure of the Counter Fraud team.

Conclusions

- This section indicates that overall, SBC needs to improve planning and understanding of future service needs, and ensure future planned activity is agreed and supported by senior management and members.

Areas for development

- Counter fraud service plans should be approved by the Corporate Leadership team in a timely manner and in advance of the relevant operating period.
- Anti-Fraud and Corruption success is publicised and publicly supported by Corporate Leadership Team or Cabinet, to raise the profile of the service and increase fraud referrals.

4.2.2 Leadership

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Leadership	*	*	*	*

Findings

- Overall, this area has scored one star. This indicates a poor level of leadership to support business objectives.
- There is no clear leadership and responsibility for the delivery of counter fraud activity and the organisation would benefit from senior officers such as the Chief Executive and s.151 officer taking a lead role, setting a tone from the top. It is noted that a new structure and lines of reporting are currently being agreed that would resolve this issue. At the time of the review it was unclear who was responsible for identifying and managing organisational fraud risks to inform an Anti-

Fraud and Corruption Strategy and business plans, however it was understood that this would become the responsibility of the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance moving forward.

- Counter fraud functions should be adequately resourced to meet increasing demands and the varied nature of fraud risks faced by the organisation, building in resilience for emergency scenarios or staff sickness. The review found that there was sufficient resources within the current team that were highly experienced, capable and well trained, however there was a lack of strategic support from senior officers.
- The review found that the main activity of the fraud team was the reactive investigation of alleged wrongdoing with minimal focus on fraud prevention. This is contrasted by the significant efforts of the team during the recent Covid pandemic when resources were redirected to lead fraud prevention efforts and pre-payment due diligence.
- The organisation has a robust Anti-Fraud and Corruption strategy to underpin medium and long term objectives.
- During the review RSM were invited on a number of occasions in early January to contribute to discussions and answer questions concerning:
 - How regularly the head of internal audit met with the counter fraud manager to discuss fraud risk?
 - If the head of fraud raised risks to inform the annual audit plan?
 - If the head of internal audit highlighted instances of perceived fraud risk to inform the work of the counter fraud team?
 - If internal audit ever reviewed the counter fraud function to provide assurance they are operating as expected?

At time of writing finalising the report six weeks later there had been no response from RSM, however feedback from staff during interview was that no working relationship between the counter fraud team and internal audit existed.

This is disappointing and CIPFA would recommend that there should be regular collaboration between the two teams and in higher rated Councils the two areas report to one manager. We are pleased that going forward the Counter Fraud team reports into a new Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance.

- There is a lack of counter fraud performance reporting, monitoring and management. The teams work should be monitored against planned activity, and this should be a standing item on the quarterly Audit and Governance committee meetings.

Conclusions

- This section indicates that overall, SBC has sufficient resources, skills and experience to deliver a successful counter fraud service, however it would benefit from a clearer focus on deliverables aimed at improving fraud prevention efforts.
- It is accepted that steps are being taken to amend the current structure and reporting lines which would in turn would lead to clearer leadership and guidance for counter fraud activity.

Areas for development

- Leadership should consider service demands and pressures for the organisation and allocate resources using a rational process to best achieve its counter fraud objectives.
- The organisation should develop an annual plan to ensure its medium and long term objectives are met.

- Performance of the Counter Fraud team should be reported using a standard template with agreed performance monitoring information, presented to senior management and the Audit and Governance Committee. This should be a standing agenda item.

4.2.3 Structure

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
Structure	**	*	***	**

Findings

- Overall, this area has scored two stars. This indicates the counter fraud structure requires some work to support business objectives.
- Whilst Anti-Fraud and Corruption roles are clearly defined within the current Anti-Fraud and Corruption structure, at the time of the review it was difficult to understand how the team fitted into the wider organisation. This has now been addressed in the finance re-structure where the team is a part of a larger Internal Audit and Risk Management team with the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance starting in February 2023.

Conclusions

- Whilst SBC has accepted there is a need manage the risk of fraud and corruption, it has not undertaken an extensive exercise to understand the scale of the problem it faces, therefore it is understandably difficult to align its resources to key fraud risks.

Areas for development

- The organisation should develop an Anti-Fraud and Corruption structure suitable for achieving medium and long term objectives with clearly defined roles and responsibilities aligned to key fraud and corruption risks.

4.2.4 Planning

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Planning	*	*	*	*

Findings

- Overall, this area has scored one star. This indicates a poor level of planning and strategy to support business objectives.
- It is evident that Anti-Fraud and Corruption business planning is not regarded as integral to supporting the delivery of the organisations wider strategic objectives and plans are based on the current team resources, not on the organisations operational and strategic risk registers.
- Anti-Fraud and Corruption business activity is mainly reactive and aligned to available resources and budget, with no stated delivery targets. The organisation would benefit from an informed business plan based on organisation wide fraud risks that is agreed by senior management.
- The Anti- Fraud and Corruption lead is not certain of who in the organisation is responsible for the management of risk and has not been included in any risk management meetings since 2017.

Conclusions

- The counter fraud function has not undertaken any significant discovery work to understand organisation risk in order to minimise the risk of fraud and corruption. This has led to insufficient planned activities aligned to risk and no KPI's or targets for activity.

Areas for development

- Service delivery plans for 2022/23 should be based on organisational needs and deliverables to achieve optimal performance, regardless of the current level of resource available for delivery. Tasks should be prioritised to align resources to high risk areas.

4.2.5 Collaboration

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Collaboration	**	*****	***	****

Findings

- Overall, this area has scored four stars. This indicates a high level of collaboration to support business objectives.
- Positives in this area included awareness training being delivered to front line staff and relationships established with internal departments such as Human Resources for joint working. There is evidence of working with counter fraud professionals from other organisations and meeting regularly with peers from other organisations to discuss current issues and best practice. SBC supports collaboration through membership or participation in leading counter fraud forums such as the London Borough Fraud Investigators Group (LBFIG).
- SBC work on the National Fraud Initiative (NFI) when required and whilst external collaboration is good, improvements internally could be achieved through greater sharing of data for the prevention and detection of fraud.

- The Counter Fraud team have delivered fraud awareness training to staff across the organisation. This enables staff to identify fraud risks, implement appropriate controls and identify possible instances of wrongdoing to be referred for action.
- The Counter Fraud team work closely with HR when alleged criminal misconduct potentially includes a member of staff. The Associate Director (HR) was complimentary about working relationships and it was clear that roles and responsibilities were clearly defined for joint investigations but were not written into any working policies or procedures.

Conclusions

- This section indicates that overall, SBC has made a real effort to collaborate with internal and external stakeholders.

Areas for development

- The counter fraud function would benefit from a service level agreement with its HR department to clarify roles and responsibilities when investigating staff.
- The organisation would benefit from a strategy and activity for the identification of key fraud risks and recording outcomes for reporting to senior management.

4.2.6 Accountability

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
Accountability	**	**	***	**

Findings

- Overall, this area has scored two stars. This indicates a low level of accountability for counter fraud arrangements and activity within the organisation.
- The organisation has clearly set out and communicated its framework for Anti-Fraud and Corruption and defined the expected behaviours from its members, staff, and organisations with whom it deals. It has developed clear policy and guidance on expected behaviours and the action that may be taken in the event of any breach of such policy and actively promotes expected behaviours, making relevant policy and guidance available to staff and other relevant individuals and organisations.
- Whilst managers across the organisation have been made responsible for ensuring the commitment to Anti-Fraud and Corruption is communicated to all staff responsible to them, it is not clear who is responsible for ensuring Anti-Fraud and Corruption risks are recorded on the appropriate risk registers. This has led to a lack of identified fraud risks to inform business plans.
- Key personnel have been made responsible for Anti-Money Laundering (AML Officer) and Financial irregularity (Chief Finance/s.151 officer) and staff across the organisation have been made aware of the key reporting mechanisms for reporting suspected money laundering and financial irregularity.
- Whilst it is understood that all policies related to counter fraud are submitted to senior management before being publicised on the councils intranet or internet pages, there is no recorded evidence to demonstrate that senior management board, cabinet members and/or relevant committees have oversight of key Anti-Fraud and Corruption policies, and if Anti-Fraud and Corruption policies are supported by and have been approved by senior management board or cabinet.

Conclusions

- This section indicates that SBC has some work to do to ensure its leaders, senior officers, and staff have accepted accountability for embedding an Anti-Fraud culture across the organisation and to ensure all officers support activity that contributes to reducing the risk of fraud and corruption.

Areas for development

- It would benefit the organisation to schedule regular reminders to staff of the Anti-Fraud framework, its policies and expected behaviours. Some work is required to raise the profile of the team and to improve risk management activity for identifying and managing fraud risks and fraud risk owners.

4.2.7 People

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
People	**	***	*	**

This part of the review considers the implementation of counter fraud strategy and delivery, and the activities required to ensure people within the organisation are engaged and open to changing ways of working to minimise fraud risk. Areas of focus include:

- Investigation staff competencies and skills, including continuous development
- Management of counter fraud activity to ensure efficiency and effectiveness, and how this provides support to the wider organisation through business partnering
- Ethics of staff across the organisation
- Managers across the organisation understanding they are responsible for fraud prevention within their area of work.

Findings

- Overall, this area has scored two stars. Whilst it was agreed the organisation has access to sufficient counter fraud skills and experience to meet its business needs, those asked were unsure if, or disagreed that the organisation regularly reviewed its Anti-Fraud and Corruption competency needs and had a clear strategy to satisfy them.
- There is recent evidence that the counter fraud resources can be flexible and adaptable in delivery to meet business need. This is evidenced through the efforts provided in business partner support for the delivery of small business grants related to Covid19 support measures.
- Staff within the Counter Fraud team have a wealth of experience and knowledge and hold the required accredited fraud investigator qualifications. A review of work has found the gathering, collation and presentation of evidence, including disclosure statements and witness statements to be adequate to good. Working relationships with legal services are good and cases assigned for sanction activity meet both the evidential and public interest tests.
- Since the introduction of alternative ways of working over the past two years, there seems to be more of a focus on taking alternative sanction action for case conclusion as opposed to prosecution, both expediting investigations to closure and reducing cost.
- Despite the existence of an employee code of conduct, staff were unsure if managers understood their responsibility for Anti-Fraud and Corruption prevention within their area of work.

Conclusions

- This section indicates that overall, the organisation has skilled and experienced resources within the Counter Fraud team that are adaptable to business need. However, competencies and skills need to be regularly reviewed to ensure they continue to be relevant.
- The organisation would benefit from ensuring managers across the wider business understood their responsibility for identifying fraud risks and implementing adequate controls to mitigate.

Areas for development

- The organisation should identify its Anti-Fraud and Corruption competency needs and produce a clear strategy to satisfy them.
- Managers across the organisation should be reminded they are responsible for the prevention of fraud and corruption within their area of work and Fraud risk champions should be identified and made responsible for identifying and recording organisation wide fraud and corruption risks.

4.2.8 Training

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
Training	***	**	*	**

Findings

- Overall, this area has scored two stars. This indicates an average level of training for all staff across the organisation to support business objectives.
- Anti-Fraud and Corruption awareness is delivered across all levels of the organisation and a record of attendance is kept, however it is unclear if it also forms part of the induction process for new starters. There is a good programme of whistleblowing, anti-money laundering and other training relevant to Anti-Fraud and Corruption delivered across the organisation.
- Whilst staff within the counter fraud function are adequately trained to fulfil their duties and hold recognised qualifications, personal development and training needs are not necessarily discussed and identified during performance reviews, all opportunities for continuous personal development should be identified and fulfilled.

Conclusions

- This section indicates that overall, SBC has a good level of fraud awareness training for front line staff to support business objectives.

4.2.9 Stakeholders

Management Dimension	Strategic Input	Improving Performance	Accountability	Overall
Stakeholders	*	*	*	*

Findings

- Overall, this area has scored one star, indicating a poor level of stakeholder engagement and management.

- It is accepted that the Counter Fraud team has a good working relationship with HR and those it interacts with on an operational basis, however no evidence was provided to demonstrate how:
 - The organisation provides wider stakeholders with evidence of the integrity of its governance and counter fraud arrangements, along with appropriate information on performance and compliance with statutory/legal and regulatory obligations.
 - The organisation achieves value for money regarding counter fraud service delivery.
 - The organisations counter fraud service is responsive to its operating environment, seeking and responding to customer and stakeholder comments and priorities in regard to service delivery and improvement.
- Historically the Anti-fraud and Corruption team has had good working relations with Trading Standards and Enforcement who are both a key source of intelligence and resources, and a key source of valued referrals. These referrals can lead to financial investigations and become a source of income from proceeds of crime. This has somewhat regressed recently due to changes in work priorities and is a relationship that should be maintained.

Conclusions

- This section indicates that overall, SBC has a poor level of stakeholder engagement and management, however this would see a significant improvement once management and performance information is more widely shared.

Areas for development

- The Counter Fraud team should formalise working arrangements with both internal and external stakeholders through service level agreements that detail expected deliverables, responsibilities, and key performance indicators (KPI's).

4.2.10 Process

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Processes	*	*	***	**

Findings

- Overall, this area has scored two stars. This indicates that improved processes are required to enable effective service delivery.
- Whilst departmental processes, procedures and work instructions exist, there was a lack of evidence to confirm these are regularly reviewed to ensure they are fit for purpose and align with relevant expectations and legislation, those asked were also unsure if they conformed with the framework for the International Organisation for Standardisation (ISO).
- This review found departmental processes, procedures and work instructions were made available to staff in a central location and/or a shared file, were regularly reviewed to identify possible service delivery improvements and were discussed at operation team meetings.
- At the time of the review some key processes were not clearly defined, such as the arrangements for assessing and agreeing which cases are suitable for sanction action. Decisions were taken at counter fraud management level without additional input from independent or impartial officers from elsewhere in the organisation. The introduction of sanction panels for decision making has been implemented in other organisations and has been shared as best practice to ensure impartiality and consistency in sanction decision making, however this has also proven to increase turnaround times for decisions in some instances. It is understood that recent changes in the approval process will improve this area of concern.

Conclusions

- This section indicates a need for SBC to review its processes and procedures to enable effective service delivery and that these form part of a recurring review programme.

Areas for development

- Counter fraud management should ensure policies, processes and work instruction conform to the expected ISO standards.

4.2.11 Ethics

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Ethics	**	**	**	**

Findings

- Overall, this area has scored two stars. This indicates the existing culture of ethics across the organisation requires improvement.
- Whilst it is accepted there is a clearly defined set of values or principles for SBC staff which reflect the way they do business or to which they aspire to observe in carrying out their business, there is no evidence that this is further rolled out to include a clearly defined code of ethics detailing the expected behaviours for external stakeholders (service users, suppliers, contractors and service providers).
- It has also not been possible to evidence that relevant boards or committees have oversight of the codes of ethics, however it is accepted that nobody from Human Resources was interviewed as part of the review.

Conclusions

- Work is required for SBC to embed a robust culture of ethics that is fully supported and led by senior management and members.

Areas for development

- Counter Fraud management should undertake an exercise of communicating relevant codes of ethics detailing the expected behaviours for staff, external stakeholders (service users, suppliers, contractors and service providers), to ensure all parties are aware the codes exist and know where they can be found for reference purposes. This should be done annually.

4.2.12 Risk

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Risk	**	*	*	*

Findings

- Overall, this area has scored one star. This indicates a poor fraud risk management framework to support business objectives.

- Whilst it is accepted there is a dedicated officer within the organisation responsible for general risk management, at the time of the review there seemed to be no effort to understand fraud risks faced by the organisation. Fraud risks are not a standing item on risk management meeting agendas and there was no evidence to suggest they are even considered under 'Any Other Business'. It is accepted that impeding structural changes and the intention for the Counter Fraud team to sit alongside Audit and Risk would significantly improve this.
- Anti-Fraud and Corruption business plans and activity are not informed by identified and measured fraud risks and therefore no assurance can be offered that the anti-Fraud and Corruption team are focusing on or preventing the highest areas of importance.
- There does not seem to be a process in place for raising fraud risks should they be identified during 'business as usual' and no evidence that any fraud are recorded on the organisations risk management system.

Conclusions

- This section indicates that SBC does not know of, nor manage any fraud risks identified under its risk management framework to support business objectives. A programme of establishing key fraud risks for each business areas is urgently required to inform the 2022/23 counter fraud work plan.

Areas for development

- Counter Fraud management should undertake an exercise of engaging stakeholders across the organisation to identify departmental fraud and corruption risks. Individuals should be identified as fraud risk champions with responsibility of ensuring fraud risks are discussed at risk management meetings and that fraud risk appears as a standing item on risk management agendas. Fraud risks identified should be scored and mitigated against using the organisations risk management framework and any residual risks factored into the Counter Fraud teams activity plan.

4.2.13 Overall

Management Dimention	Strategic Input	Improving Performance	Accountability	Overall
Overall	**	*	*	*
			Moderated	**

Findings

- Overall, SBC's counter fraud service scored two stars against CIPFA's Counter Fraud Management model. The existing team produces quality outcomes; however it is primarily focused on reactive investigations where wrongdoing has been alleged. There is limited proactive work other than participation in NFI (a statutory requirement) and the team lacks any detailed activity plans or targets.
- There have been successful POCA investigations in the past and as a result, there are accumulated confiscated monies (approximately £350k) that can be used for reinvesting in the prevention, detection and investigation of fraud or related crime. This could be used to fund dedicated posts within trading standards or planning enforcement to ensure that lead generating work for future POCA investigations is referred to the Counter Fraud team. Without such leads the financial investigators risk losing their accreditation.
- There is a noticeable lack of referrals from key departments within the organisation such as procurement. This could be due to poor communication or a lack of understanding across the

organisation that the Counter Fraud team exists, or the type of work it carries out. A programme of communication and publicity is required to raise the profile of the Counter Fraud team, improving stakeholder engagement with a view to increasing referrals.

- The current case management system (Altia) used by the team is very good in relation to the organisation and management of evidence for disclosure purposes, however it lacks capability in regard to performance reporting and data extraction for intelligence purposes. The team rely on Excel spreadsheets in order to prepare performance information, however, there seems to be no targets or KPI's for the team and no reporting upwards to the Director of Finance or Audit and Governance Committee.
- Due to weaknesses in the production of monitoring reports, it is difficult to evidence how effectively counter fraud management prioritises workloads and monitors the turnaround time of investigations to a satisfactory conclusion. This could mean officers are working on aged, dormant cases or that criticism could be levied on the team for unacceptable delays in the investigation process, impacting on the ability to progress cases to a satisfactory and timely conclusion.
- The Counter Fraud team would benefit from the creation of standardised reporting to relevant audiences, particularly the Audit and Governance Committee on a quarterly basis. For this to be meaningful, a counter fraud activity plan with targets should be agreed for 2022/23 against which performance can be measured.

Conclusions

- This section indicates that SBC does not know of, nor manage any fraud risks identified under its risk management framework to support business objectives. A programme of establishing key fraud risks for each business areas is urgently required to inform the 2023/24 counter fraud work plan.
- Existing resources should be strengthened using available funds ring fenced for counter fraud activity and the team, along with individual officers should be set performance targets.

Areas for development

- Counter Fraud management should consider how best to utilise the POCA confiscation funds to both strengthen the counter fraud team and improve the delivery of proactive services. This in turn should raise the profile of the Counter Fraud team and increase the number of referrals and quality outcomes.

5 Action plan and next steps

5.1 Introduction

As part of the counter fraud management model review, we have identified several potential areas where action could be taken to improve counter fraud management and governance in general.

This section of the report collates these recommendations. This can be used to form the basis of a discussion with the authority on the next steps. In developing a plan there may be other areas highlighted as part of the model that would or should be included and some others that are specific to ongoing activity already underway.

This is the authorities plan and is intended to support ongoing improvement.

5.2 Action plan

This section will set out the key recommendations to improve the authority's counter fraud arrangements:

No.	Recommendation	Owner	Timescale
1	Counter fraud service plans should be approved by senior management board or committee in a timely manner and in advance of the relevant operating period.		
2	Anti-Fraud and Corruption success should be publicised and publicly supported by senior management board or cabinet, to raise the profile of the service and increase fraud referrals.		
3	Leadership should consider service demands and pressures for the organisation and allocate adequate resources using a rational process to best achieve its counter fraud objectives.		
4	The organisation should develop a robust Anti-Fraud and Corruption strategy and annual plan to ensure its medium and long term objectives are met.		
5	Performance of the Counter Fraud team should be reported using a standard template with agreed performance monitoring information, presented to senior management and the Audit and Governance Committee. This should be a standing agenda item.		
6	The organisation should develop an Anti-Fraud and Corruption structure suitable for achieving medium and long term objectives with clearly defined roles and responsibilities aligned to key fraud and corruption risks.		
7	Service delivery plans for 2023/24 should be based on organisational needs and deliverables to achieve optimal performance, regardless of the current level of resource available for delivery. Tasks should be prioritised to align resources to high risk areas and appropriate representation should be made to increase resource where required.		
8	The counter fraud function would benefit from a service level agreement with its HR department to clarify roles and responsibilities when investigating staff.		
9	A counter fraud officer should be given dedicated responsibility for intelligence and data analytics and tasked with the action of identifying instances of fraud risk.		

10	It would benefit the organisation to schedule regular reminders to staff of the Anti-Fraud framework, its policies and expected behaviours. Some work is required to raise the profile of the team and to improve risk management activity for identifying and managing fraud risks and fraud risk owners.		
11	The organisation should identify its Anti-Fraud and Corruption competency needs and produce a clear strategy to satisfy them.		
12	Managers across the organisation should be reminded they are responsible for the prevention of fraud and corruption within their area of work.		
13	Fraud risk champions should be identified and made responsible for identifying and recording organisation wide fraud and corruption risks.		
14	A current skills assessment of counter fraud staff should be carried out to identify any gaps, or opportunities for personal development to benefit the service.		
15	The Counter Fraud team should formalise working arrangements with both internal and external stakeholders through service level agreements that detail expected deliverables, responsibilities, and key performance indicators (KPI's).		

16	Counter fraud management should ensure policies, processes and work instruction conform to the expected ISO standards.		
17	Work is required for SBC to embed a robust culture of ethics that is fully supported and led by senior management and members.		
18	Counter Fraud management should undertake an exercise of communicating relevant codes of ethics detailing the expected behaviours for staff, external stakeholders (service users, suppliers, contractors and service providers), to ensure all parties are aware the codes exist and know where they can be found for reference purposes. This should be done annually.		
19	Counter Fraud management should undertake an exercise of engaging stakeholders across the organisation to identify departmental fraud and corruption risks. Individuals should be identified as fraud risk champions with responsibility of ensuring fraud risks are discussed at risk management meetings and that fraud risk appears as a standing item on risk management agendas. Fraud risks identified should be scored and mitigated against using the organisations risk management framework and any residual risks factored into the Counter Fraud teams annual activity plan.		
20	The Counter Fraud manager should liaise with the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance to consider risks identified during internal audit work to inform the Counter Fraud activity plan and make Audit aware of any service risks identified during investigation that could inform the annual Internal Audit plan.		
21	Counter Fraud management should consider how best to utilise the POCA confiscation funds to both strengthen the counter fraud team and improve the delivery of proactive services. This in turn should raise the profile of the Counter Fraud team and increase the number of referrals and quality outcomes.		

Appendix 1 – Star rating key criteria and characteristics

Rating	Assessment
*****	The organisation has very strong counter fraud capability that allows it to anticipate both challenges and key opportunities, driving transformational change in order to optimise performance, deliver optimal outcomes and minimise the risk of fraud and corruption. The counter fraud function is fully supported by senior leadership and the counter fraud strategy is robust, delivering a long term strategy whilst still allowing the service to be fully agile in adapting to unforeseen events without impacting key outcomes. Counter fraud operations meet most if not all of the key areas of delivery and has both resource capacity and capability as well as sufficient tools at its disposal to support effective delivery. The service should be seen as an example of best practice.
****	The organisation has strong counter fraud capability which enables it to deliver effective outcomes in challenging times, minimising the risk of fraud and corruption and taking appropriate action where resources allow. The counter fraud function has support from key senior leadership and the counter fraud strategy provides sufficient direction, delivering against operational targets whilst still allowing the service to be agile in adapting to unforeseen events without impacting outcomes. Counter fraud operations meet most of the key areas of delivery and continually identifies opportunities to improve its performance.
***	The organisation has good counter fraud capability and has arrangements in place that are adequate in reducing the risk of fraud and corruption in stable conditions, taking action where resources allow. The counter fraud function has some support from senior leadership and the counter fraud strategy provides a reasonable level of direction, contributing towards operational targets. Counter fraud operations meet most of the key areas of delivery but there is room for improvement. Staff are trained to an acceptable level and have reasonable capacity.
**	The organisation has basic counter fraud capability and has arrangements in place that allow it to meet the minimum standards to reduce the risk of fraud and corruption and provides a minimal level of support in the delivery of organisational outcomes, but does not support transformational change. The counter fraud function lacks support from senior leadership and the counter fraud strategy provides little or no direction. Counter fraud operations fail to meet most of the key areas of delivery and there is significant room for improvement. Staff have limited capacity and require training to address challenges faced by the organisation.
*	The organisation has little if any counter fraud capability and has inadequate arrangements in place to meet the minimum standards for reducing the risk of fraud and corruption it faces. Where there is a counter fraud function, it lacks support and direction, resources and capability and does not contribute to transformational change.

Appendix 2- Document review list

Item	Description
1	Slough Borough Council Counter Fraud and Corruption Strategy (September 2021)
2	Council Constitution
3	Local Code of Conduct for Employees
4	Members Code of Conduct
5	Disciplinary Policy and Procedures
6	Sanctions Policy
7	Anti-money Laundering Policy
8	Anti-bribery Policy
9	The Email and Internet Usage Policy
10	Slough Safer Partnership
11	Money Laundering; Legal and Regulatory Framework
12	Money Laundering Report Form
13	Financial Investigation Report Form
14	Counter Fraud and Corruption Strategy
15	Anti-Fraud Response Plan
16	Anti-money Laundering Policy
17	Anti-bribery Policy
18	Fraud Response Plan
19	Whistleblowing Policy (Part 5.5 of the SBC Constitution)
20	Investigation Case Reviews

Appendix 3 – List of interviewees

Lyn Davies	Corporate Fraud Team Manager
Hansa Benawra	Financial Investigator
Claire McNab	Financial Investigator
Nicola Elliott	Corporate Investigation Officer
Deborah Chandler	Intelligence Officer
Peter Robinson	Financial Consultant
Surjit Nagra	Associate Director (HR)
Mike Thomas	Interim Financial Advisor

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