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# DurhamWorks 3

## Anti-Fraud Statement

2022-2023

Status: V2

Date Created: Draft Feb 2021, updated Feb 22, Feb 23

Audience: External - DurhamWorks 3 Partnership

Owner: M Horner, Interim Programme Manager

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# 1. Foreword

Durham County Council, the lead Partner for DurhamWorks 3, have designed a clear and comprehensive Counter Fraud and Corruption Policy to fight fraud and corruption by acknowledging and understanding our fraud risks, preventing, and detecting more fraud and being stronger in punishing fraud and recovering losses. All Members and employees have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud and corruption and by promptly identifying and reporting potential instances for investigation. The Council advocate a zero-tolerance approach and will seek to prevent fraud and corruption, including bribery, in all areas of our activities, including across the DurhamWorks 3 project.

DurhamWorks 3 is a large European Social Fund (ESF) supported project at a total project value of £4M. We are funded by The European Social Fund and supported by the Youth Employment Initiative, and match provided by the council and our Delivery Partners. Our funding is available until December 2023, by then we aim to have supported at least 1191 young people. All the organisations bring their own expertise and experience to provide a tailored service to each young person.

Fraud and corruption cheats the local tax payer and undermines the project's ability to achieve its objectives and results and to reach the largest number of young people and young adults who could benefit from its support. The Council, and therefore the project, are determined to protect ourselves from fraud and corruption from within and outside the project. Where any instances are discovered, the Council as the lead partner will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

Our aim is to make clear to all that the Council will not tolerate fraud or corruption. The Council expect anyone with a concern, to report the matter immediately so this can be investigated. The Council will make sure that these reports are dealt with promptly and where a report is substantiated the Council will take effective and speedy action. In all cases, then Council will provide a clear explanation to anybody who raises concerns.

The DurhamWorks 3 Central Team have designed this policy to fight fraud and corruption by acknowledging and understanding fraud risks to DurhamWorks 3, preventing and detecting more fraud and being stronger in punishing fraud and recovering losses.

All members of the DurhamWorks 3 Partnership, including employees of our Delivery Partners and subcontractors have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud and corruption and by promptly identifying and reporting potential instances for investigation.

Helen Radcliffe  
Strategic Manager, Progression & Learning

## 2. INTRODUCTION

2.1 This policy document is written to structure and relate the Durham County Council (DCC) Counter Fraud and Corruption Strategy to the DurhamWorks 3 project. The audience is intended as all those that it affects and those who must implement it across all DurhamWorks 3 Delivery Partners and subcontractors.

2.2 As a requirement under the terms of the ESF Funding Agreement, this policy sets out how we will deal with suspected fraud in our organisation and if appropriate, partners and subcontractors.

It covers:

- an explanation of what fraud means within the project/organisation and a commitment to putting in place safeguards to deter and prevent fraud.
- the key responsibilities of senior staff in preventing and detecting fraud and in co-operating with any investigations.
- How the organisation will respond to the risk of internal and external fraud.
- How individuals can report concerns and suspicions of fraud including any arrangements for whistle-blowers to raise concerns.

2.3 DurhamWorks 3 recognises that it has a responsibility to protect the public purse and acknowledges the potentially significant risk that fraud and corruption could pose to the achievement of the project's aims and objectives. The public and our funders expect the project to safeguard public funds and ensure they are available and used for their intended purpose, that of providing support to 16-24-year-old residents of County Durham not in Education, Employment or Training, all of whom will be vulnerable.

2.4 Fraud and corruption undermine these aims and expectations by diverting resources from legitimate activities and prevents the project from achieving maximum value for money. This can have a substantial impact on participants, many of whom are vulnerable individuals within the local area. Fraud and corruption can also damage public confidence in the project and its partners and may also adversely affect staff morale.

2.5 The threat from fraud and corruption is both internal and external to the project. All leaders and employees of the Partners have an important role to play and will lead by example and must comply themselves with their key policies, procedures and standards of conduct as well as those prescribed by the council as the lead partner. They must remain vigilant to potential incidents. The DurhamWorks 3 Central Team encourages its contractors, partners and members of the public to raise concerns at the earliest opportunity.

2.6 This holistic approach to tackling fraud and corruption is an integral part of existing DurhamWorks 3 governance arrangements, policies and procedures. The project has designed and continues to provide a raft of measures and interventions designed collectively to deter would be offenders.

2.7 The Council strives to achieve the highest standards of public service; therefore, the DurhamWorks 3 Partnership adopts a zero-tolerance stance against all forms of fraud, corruption and bribery.

2.8 The DurhamWorks 3 Partnership is committed to embracing best practice approaches to fighting fraud and corruption and will continually review/revise the policy in cooperation with the Council's Internal Audit, Risk and Fraud teams as well as in consultation with partners to ensure its resilience to fraud and corruption is maximised. Advice and best practice will also be sought from the funders where available.

2.9 The DurhamWorks 3 Central Team is committed to investigating concerns thoroughly, promptly and, wherever possible, confidentially. Malicious or vexatious allegations will not be tolerated, however wherever fraud or corruption is proven, the Council will (working with Partners where required) take all appropriate action against the perpetrator and will pursue all options available to recover any losses incurred.

2.10 In order to meet these responsibilities, the project is committed to an effective Fraud Prevention Policy designed to:

- Acknowledge and understand DurhamWorks 3 fraud risks;
- Raise awareness of the impact of fraud both on the project and the individual;
- Promote the prevention of fraud, corruption and bribery across the Partnership;
- Help people pursue and detect fraud, corruption and bribery;
- Establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated;
- Create a strong anti-fraud and anti-corruption culture within the Council and reinforce an organisational culture of zero tolerance;
- Take appropriate and strong action to deal with proven fraudsters, applying sanctions against people who commit fraud; and
- Vigorously pursue all forms of redress for frauds, overpayments and to recover financial losses.

2.11 This policy outlines the DurhamWorks 3 approach, as well as defining the roles and responsibilities for dealing with the threat of fraud, corruption and bribery both internally and externally. This Policy applies to:

- All DurhamWorks 3 funded employees (In DCC and those employed in our Delivery Partners);
- agency staff (In DCC and those employed in our Delivery Partners);
- principals of partner organisations;
- subcontractors;
- consultants;
- suppliers;
- service users;

2.12 This policy sets out the commitments of the DurhamWorks 3 Partnership, led by DCC, to tackling fraud, corruption and bribery. It also makes clear, to all concerned, the appropriate and decisive action that will be taken against those committing or attempting to commit, fraudulent and / or corrupt acts against the Council and any cases will be thoroughly investigated and dealt with.

2.13 The 2017 Annual Fraud Indicator (published by the National Crime Agency <https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/fraud-and-economic-crime>) estimates fraud losses to the UK at around £190 billion every year, with the private sector hit hardest losing around £140 billion. The public sector may be losing more than £40 billion and

individuals around £7 billion. This 'lost' money is money that could be used to provide services. This impacts on projects such as DurhamWorks 3 in that it may reduce funding available to match ESF projects or is unclaimable expenditure relating directly to the ESF project in question.

### **3. DCC CORPORATE FRAMEWORK AND CULTURE (AS LEAD PARTNER)**

3.1 The Council, as the Lead Partner, has already established a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. The Council's [Counter Fraud and Corruption Strategy](#) is an integral part of a range of interrelated policies, such as this, and procedures that provide a corporate framework to help counter any fraudulent activity. These have been formulated in line with the appropriate legislative requirements and professional best practice and include:

- Anti-Money Laundering Policy.
- Code of Conduct for Members.
- Code of Conduct for employees.
- Confidential Reporting Code.
- Corporate Complaints Policy.
- Data Protection Policy.
- Disciplinary Policy.
- Effective Recruitment and Selection procedures.
- Financial Regulations & Contract Procedural Rules.
- Personal Information Security Policy.
- Regulation of Investigatory Powers Act Corporate Guidance.
- Sound internal controls, including specific service area requirements.

3.2 It is expected that all DurhamWorks 3 Delivery Partners have adequate policies and procedures in place for their own organisation and checks on key documents will be carried out by the Contract Officer at least annually as part of the project's due diligence checks.

3.3 A [Fraud Response Plan](#) is also available to all Members, employees and the public and provides guidance on what actions to take in the event of becoming aware of, or suspicious of, a fraud or act of corruption being committed against the Council, either internally or externally by individuals or organisations. This can be found on the Counter Fraud page on the intranet and the Council's website.

3.4 A [Fraud Sanction Policy](#) is also available, outlining the sanctions available to the Council where fraud and or corruption is found to have been committed. This can also be found on the Counter Fraud page on the intranet and the Council's website.

3.5 The Council believes the best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation and that a culture of honesty and openness is a key element in tackling fraud. The codes of conduct for Members and employees are based upon the Nolan principles of Standards in Public Life. In cases where Members or employees fail to adhere to these codes appropriate action will be taken against them.

3.6 The DurhamWorks 3 project expects all employees of the Partnership, including Delivery Partners and subcontractors to adopt these principles.

3.7 The seven Nolan principles of Standards in Public Life are:

- Selflessness – you must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family, or friends.
- Integrity – you should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
- Objectivity – you must make choices on merit when making decisions on appointments, contracts, or recommending rewards and benefits for individuals.
- Accountability – you are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
- Openness – you should be as open as possible about all decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.
- Honesty – you have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in the way that protects the public interest.
- Leadership – you should promote and support these principles by leadership and example.

3.8 The Council also has an effective Internal Audit Service and Corporate Fraud Team that assists the corporate framework to help counter any fraudulent activity.

## **4. LEGAL DEFINITIONS**

4.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position
- There are further subheadings of fraud described including possession of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business and or obtaining services dishonestly.

4.2 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

4.3 The Bribery Act 2010 came into force on 1 July 2011. Bribery is defined in the Act “as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage”. It is the most common form of corruption.

4.4 Money laundering is the term used for a number of offences involving concealing the proceeds of crime or terrorist funds, so that they appear they have come from a legitimate source. Money laundering involves one or more of three principal offences: concealing, arranging and acquisition/use/possession.

## **5. ROLES & RESPONSIBILITIES – INCLUDING AS ESF BENEFICIARIES**

5.1 All ESF beneficiaries (co-financed and non-co-financed projects) must be committed to maintaining high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty and actively oppose fraud and corruption in their ESF projects.

5.2 As ESF beneficiaries all partners to the project are expected to:

- promote a culture within the DurhamWorks 3 project that deters fraudulent activity;
- facilitate the prevention and detection of fraud;
- report to Durham County Council, as the Lead Partner, at the earliest opportunity any fraud or suspected fraud they identify in their project(s);
- Durham County Council to report to DWP as the MA (Managing Authority) at the earliest opportunity any fraud or suspected fraud they identify in the project;
- co-operate with DCC, DWP and Treasury in the investigation of fraud and related offences.

5.3 These responsibilities are best be met where all employees, partners and subcontractors to DurhamWorks 3 as aware of this policy and adhere to the sections setting out how we will deal with suspected fraud in their organisation and if appropriate, sub-contractors.

### **5.4 DCC SPECIFIC RESPONSIBILITIES**

5.4.1 Chief Executive - Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.

5.4.2 Monitoring Officer (Head of Legal and Democratic Services) - To advise Members and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.

5.4.3 Director of Resources (Section 151 Officer) - To ensure the Council has an adequately resourced and effective Counter Fraud and Internal Audit service.

5.4.4 Audit Committee To monitor the arrangements the Council has in place to mitigate the risk of fraud and corruption and seek assurances of the effectiveness of those arrangements.

5.4.5 Members To support and promote the development of a strong counter fraud culture.

### **5.5 DURHAMWORKS 3 SPECIFIC RESPONSIBILITIES**

5.5.1 Strategic Manager, Progression & Learning is ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption at a DurhamWorks 3 project level and that the arrangements in place are aligned to the DCC Counter Fraud and Corruption Strategy.

5.5.2 Programme Manager is responsible for ensuring that the project is adequately resourced and sufficiently aware of the requirements of this policy. They will lead in any activities undertaken with the Counter Fraud and Internal Audit service. To promote staff



awareness, refer all suspected fraud to the Chief Internal Auditor and Corporate Fraud Manager and apply the policy of zero tolerance. To ensure that they assess the risk of fraud, corruption and bribery in their DurhamWorks 3 risk register and Improvement Plan and reduce these risks by implementing strong internal controls.

5.5.3 Funding and Programmes, as a DCC service, ensure that the project remains up to date with ESIF requirements and best practice. They will act as the conduit between DWP as the MA and the Council regarding any instances of suspected fraud.

5.5.4 External Audit, subject to the concept of materiality, provides reasonable assurance that the financial claims are free from material misstatement, whether caused by fraud or other irregularity. This is conducted through advice and consultancy as well as assurance visits.

5.5.5 Audit, Risk and Corporate Fraud Team support in the development and implementation of the Counter Fraud Policies and raise awareness of fraud. To promptly investigate cases of suspected fraud when necessary. To make recommendations to improve controls and reduce the risk of fraud in the future.

5.5.6 Programme Manager as thematic lead for Fraud Prevention will support and promote the development of a strong counter fraud culture across the DurhamWorks 3 Partnership.

5.5.7 All employees of the project including those within Delivery Partners and subcontractors have a responsibility for promoting a culture of good governance by implementing this policy to ensure that effective measures are in place to prevent fraud and corruption and by promptly identifying and reporting potential instances for investigation.

5.5.8 Participants, Partners, Suppliers, Contractors and Consultants, to be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

## 6. DURHAMWORKS 3 APPROACH TO COUNTERING FRAUD

6.1 No items of expenditure will be included in the claim until we are satisfied with the evidence trail. However, fraud, by its very nature is hidden, and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital for Durham County Council, as the lead partner, to provide a strong anti-fraud culture, and advocate a zero-tolerance approach across the DurhamWorks 3 partnership. This will, not only provide a deterrence effect to potential fraudsters, but also encourage an environment where individuals, Delivery Partners, and subcontractors comfortable coming forward to raise concerns.

6.2 **Confidential Reporting code (Whistleblowing) [policy](#)** covers issues that are broader than fraud related incidents – it should set out the procedures for when there are concerns about any type of crime. It includes:

- Confirmation that the organisation actively encourages its staff to report concerns and suspicions about fraud, and that it will take them seriously.
- A statement on confidentiality/anonymity and support.

- Details of how to report concerns and advice for staff on when to speak to a line manager or other senior staff.

6.3 **Spotting the warning signs** is important as most fraud can be caught by internal controls or audit processes so making regular checks on accounts and records will help to identify warning signs:

- are there unusual discrepancies in accounting records and unexplained items on reconciliations?
- have any documents or account books gone missing?
- are there high numbers of cancelled cheques?
- are common names unexpectedly appearing as payees?
- are there any duplicated payments or cheques?
- do transactions take place at unusual times with irregular frequency, unusual or 'round' amounts or to unknown recipients?
- are suppliers regularly submitting electronic invoices in non-PDF format that can be altered?
- are payments made to individuals or companies with family or business connections to a trustee, and perhaps authorised by that trustee? This might indicate collusion.
- missing stock may indicate theft rather than fraud but should also be guarded against.

6.4 The DurhamWorks 3 project will support the European Commission and the Council in fulfilling their aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally' and in line with ESIF requirements.

6.5 The three key themes of this approach are Acknowledge, Prevent and Pursue and are key to the delivery of the priorities outlined in the counter fraud policy detailed in the following sections.

## 7. GOVERN

7.1 As the Lead partner to DW3 DCC are responsible for the governance and as such support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation.

7.2 Beating fraud is everyone's business and that is a key objective at the Council. The internal arrangements that are put in place by the council must be communicated throughout the DW3 project/partnership and publicly available to demonstrate the culture and commitment to preventing fraud.

7.3 the council and the project does have good governance, with robust arrangements in place, executive support, strategic group support, an anti-fraud culture and holistic approach to fraud, which are key performance indicators for this theme to be effective.

## 8. ACKNOWLEDGE

8.1 The DurhamWorks 3 project acknowledges that it is not immune from the risk of fraud or corruption, understands the fraud risks and takes appropriate action to mitigate these through:

- continuing to review and update fraud risks;
- maintaining a robust counter fraud policy;
- supporting the Council's annual counter fraud operational plan; and
- raising awareness of fraud and how to report suspicions, including to Delivery Partners, subcontractors and participants.

8.2 The ongoing development and review of this policy will be informed through gaining a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in counter fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. The DurhamWorks 3 Central Team, as the lead partner, will also be focusing on raising staff and partner awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

8.3 Existing measures to prevent fraud and corruption will be strengthened through the continued support from the Council's Corporate Fraud Team that will have the capability and capacity to:

- Investigate allegations of fraud and corruption;
- Prosecute and sanction offenders;
- Identify fraud prevention controls across the project.

8.4 'Whistleblowing' remains the most common way that fraud and corruption is detected in large organisations. The DurhamWorks Phase 3 Central Team will raise awareness and continually promote its Confidential Reporting Code and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon, thereby developing a robust and proportionate response to counter any threats. The Central Team and Council managers will also ensure that people have confidence in the counter fraud arrangements and are confident and protected when raising issues.

8.5 DurhamWorks 3 have identified 'fraud and corruption' as a risk in the project risk register. By acknowledging what the fraud risks are, where they are likely to occur and the scale of potential losses, the Council can manage the project risk more effectively.

8.6 The DurhamWorks 3 Central Team will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will inform the council's annual counter fraud operational plan and the Corporate Fraud Team will carry out work in any areas we identify to be high-risk areas to detect existing and new types of fraudulent activity.

8.7 The project's Counter Fraud arrangements are continuously reviewed against ESIF and national best practice guidelines, such as the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, and the Fighting Fraud and Corruption Locally Strategy 2016-2019 and the companion document and checklist.

8.8 The DurhamWorks 3 project will regularly review its approach to tackling fraud, with a focus on current risks and trends and emerging risks which occur across the project, ESF provision, the Council, or wider across other local government areas and partners.

8.9 The project has identified its known fraud risks and emerging fraud risks consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally' to be that of:

- Procurement – Tendering issues, split contracts, double invoicing.
- Payroll – False employees, overtime claims, expenses.
- Partner Claims – Work not carried out, funds diverted, ineligibility not declared.
- Internal fraud – Staff and partners diverting project monies to a personal account; accepting bribes; stealing cash; working elsewhere while claiming to be off sick; false overtime claims; wrongfully claiming benefit while working.
- Identity fraud by participants – False identity / fictitious persons applying for services / payments.
- Money laundering – Exposure to suspect transactions.
- Concessionary travel schemes – Use of concession by ineligible person through participant support.
- No recourse to project funds – Fraudulent claim of eligibility.
- Commissioning of services – Including joint commissioning, third sector Partnerships – conflicts of interest, collusion.
- Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

8.10 The project is also committed to providing all Council employees with sufficient training to enable them to identify and report fraud in a timely manner. This is achieved at induction and having a fraud awareness programme delivered to high-risk areas by the Corporate Fraud Team. An E-Learning fraud awareness module is currently under development, and it is expected that this will be rolled out to all employees and managers. The Corporate Fraud Team can also offer bespoke training packages for staff within the Council.

8.11 The DurhamWorks 3 Central Team will also inform partners and subcontractors of their responsibilities at the contract clarification, remind them of their responsibilities at the partner workshops and support visits and update them on developments regularly. Details are also included within the participants Handbook. These details include rules on eligibility for support and confidential reporting.

## **9. PREVENT**

9.1 DurhamWorks 3 recognises that fraud and corruption are costly, both in terms of financial losses and reputational risk. The prevention of fraud is therefore a key priority within this policy. The best way to fight fraud is to prevent it happening in the first place. Resources, however, are still required to respond where offenders are not deterred.

9.2 The project has established a robust framework of procedures and controls, in particular the 'Participant documentation' and the 'Claims procedures', which provide the major elements of its anti-fraud and corruption governance arrangements. This policy is an integral part of a series of interrelated Council strategies, policies, procedures and controls designed to deter any attempted fraudulent or corrupt act. Partners to the project are also expected to have relevant up to date policies and procedures which are checked through the due diligence process.

9.3 Prevention extends beyond making sure the Council, as the Lead Partner, has the appropriate system and process controls in place. It also depends on the development of an effective anti-fraud culture across the Partnership that reinforces a zero tolerance and deters fraud from being committed.

9.4 Preventative measures will be supported by the on-going assessment of those areas most vulnerable to the risk of fraud and corruption as will be identified in the project risk register, in conjunction with risk management arrangements and risk based audit reviews.

9.5 The Corporate Fraud Team works closely with the Internal Auditors to ensure that a robust control framework is in place within the project through advice, consultancy and assurance audits carried out on the project, with recommendations to rectify any system weaknesses being implemented including any identified vulnerability gaps following investigations.

9.6 The DurhamWorks 3 Central Team has policies, procedures and processes which incorporate efficient and effective internal controls to safeguard the Council's resources. Managers are responsible for ensuring there are adequate and effective internal controls to reduce the risk of fraud, e.g. accurate records are kept and preserved, a management/audit trail is maintained, appropriate segregation of duties and management checks are in place.

9.7 Internal controls are established for financial and other systems within the Council utilised by the project. They are designed to discourage fraud and provide indicators of any fraudulent activity. Internal control systems and Internal Audit are part of the project's preventative systems. Within the scope of their work, Internal Audit will:

- Endeavour to reveal serious defects in the internal controls which
- may lead to the perpetration of fraud;
- Be alert to the possibility of malpractice;
- Take nothing for granted;
- Be aware of the possibility of collusion.

9.8 The following actions identified as best practice in prevention of Financial Fraud by the Commission are embedded in the project that will help to reduce the risk of fraud arising:

- There is a segregation of duties for financial processes. No individual has sole responsibility for any single transaction.
- Detailed records of all income and expenditure are kept, as well as receipts, invoices and supporting documents.
- Financial controls are not being overridden, by-passed or ignored.
- Bank statements and other accounts are regularly reconciled, with spot checks carried out on books and records.
- A culture of control is embedded.
- A review of financial controls is carried out annually.

9.9 As Council employees, DurhamWorks 3 Central Team and delivery staff must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of the financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than proper remuneration. Employees are required to declare interests and to bring to the attention of their manager any interest which may impinge on the impartiality of their work.

9.10 The Council will ensure DurhamWorks 3 employees provide adequate proof of identity and permission to work in the UK. Employees are appointed subject to satisfactory references and care is to be taken to ensure that employment references and qualifications are genuine.

9.11 For certain posts, checks to the Disclosure and Barring Service (DBS) are necessary and will be carried out by the People and Talent Management service. All front facing DurhamWorks 3 staff will be required to have a DBS.

9.12 DurhamWorks 3 expects the highest standards of conduct from all its sub-contractors and the employees of the contractor. A self-declaration is required as part of the tendering process for contracts, which asks questions about fraud, corruption and organised crime. The DurhamWorks 3 procurement documents contains clauses regarding the prevention of fraud. The clauses allow the Council to break off a contract should the supplier breach the contract, in that they have been found to be fraudulent in their business activities, which is also defined in the contract. Delivery Partners, sub-contractors and suppliers are all informed of the Council's Confidential Reporting Code and fraud policies on entering into agreements with the Council.

9.13 DCC has Financial Regulations and Contract Procedure Rules that outline best practice. Heads of Service must ensure that all of their employees are aware of the content of Financial Regulations and other regulatory documents and that they are complied with.

9.14 The right culture will be continually reinforced to DurhamWorks 3 employees by:

- Providing general and specific fraud awareness communications to all staff as part of any National Fraud Awareness days.
- E-Learning on fraud and corruption for all Council staff.
- Regular fraud updates in Council newsletters and magazines and at partner workshops.
- Publicising the results of proactive work, investigations, sanctions, and prosecutions due to fraud and corruption where it is appropriate to do so.
- Have a fraud 'image' that is publicised throughout the project and the Council to deter fraudulent tendering.

9.15 It is also important that members of the public, particularly participants and strategic partners have confidence in the Council's fraud response and the ability to report any suspicions of fraud and corruption they may have. The Council therefore has a dedicated fraud hotline, fraud email address, fraud text service and fraud page on the Council's website. Fraud reporting and cases of interest will also be publicised on social media and in Customer Access Points throughout the County and the DurhamWorks 3 website and handbook.

## **10. Pursue**

10.1 It is acknowledged that, even with strong preventative measures, motivated fraudsters may still succeed, so the DurhamWorks 3 Partnership, led by the Council, must have a robust enforcement response to pursue fraudsters and to deter others.

10.2 It is the responsibility of all DurhamWorks 3 employees (including volunteers) to prevent and detect fraud and corruption. It is often the alertness of employees, partners and participants to indicators of fraud that enable detection and the appropriate action to take place when there is evidence that fraud, bribery or corruption may be in progress.

10.3 DurhamWorks 3 will commit to making efforts to proactively seek out instances of fraud and take effective action once it is identified. The project will make best use of its communications strategy to highlight instances of fraud, for the purposes of seeking the maximum deterrence effect. The Corporate Fraud Team will always publicise successful prosecutions and will also listen to and take seriously all allegations.

10.4 Where a Council employee has been involved in fraudulent activity, they will be subject to disciplinary action in line with the relevant policies and procedures. It is a requirement of partners that the same applies to their employees.

10.5 Where financial non-compliance or wrongdoing is discovered relating to employees or partners, the matter will be referred to the police in accordance with the Fraud Response Plan.

10.6 Referrals to the police will not prevent any action under the internal disciplinary policies and procedures.

10.7 All complaints against members of Council staff employed under the project are referred from the outset to People and Talent Management, Service Manager and Internal Audit & Corporate Fraud Team, to give assurance the appropriate action is taken in line with the relevant policies and procedures.

10.8 Fraud must not pay, where fraud or corruption is discovered, the full range of sanctions will be deployed, including civil, disciplinary, criminal action, and referring cases to other law and enforcement organisations. The project will adhere to the Council's Fraud Sanction Policy and Fraud Response Plan which describes this process in more detail.

10.9 The Council also has arrangements in place where any instances of suspected money laundering or bribery are reported. The Anti-money Laundering Policy explains what money laundering is, and what the Council does to manage the risks associated with crime and money laundering.

10.10 A crucial element of the Council's response to tackling fraud is recovering any monies lost through fraud – this is an important part of the strategy and redress will be rigorously pursued, where possible. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity. The Council will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council. Where money has been lost due to fraudulent activity, the Council will always seek to recover the money along with any penalties that may have been imposed.

10.11 Criminal prosecutions, sanctions, civil action and disciplinary action all deter offenders and reinforce a culture of zero tolerance towards fraud and corruption. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions.

10.12 The Council welcomes the help of a variety of people and organisations and collaborate working with:

- Department for Work and Pensions
- the public, local business community and media.
- suppliers, contractors, consultants, and service providers.
- the external auditor, who provides assurance on whether the Council has good arrangements in place to prevent and detect fraud and corruption.
- central government departments and parliamentary committees,
- external service inspectorates, including the local government ombudsman.
- HM Revenue and Customs, and
- Durham Police.

10.13 The DurhamWorks 3 Central Team, along with the Council's Corporate Fraud Team, promotes fraud referrals and allegations reported to them. Depending on the nature and the extent of the information obtained the Corporate Fraud Team will work closely with:-

- People and Talent Management
- Service Grouping Management
- Legal Services
- Other agencies – DWP, Police, Registered Social Landlords, and other Local Authorities.

10.14 By working closely and joined up, this will ensure that all allegations and evidence which are supplied, are properly investigated and reported upon, and that where possible, losses are recovered.

## **11. PROTECT**

11.1 The Council is committed to protecting the Council, its assets, its employees, the Community we serve and overall, the Public Purse. This pillar is crosscutting of this strategy and is our main objective.

11.2 Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community are commitments the Corporate Fraud Team have pledged to strive to achieve.

11.3 This also includes protecting public funds, protecting our organisation from fraud and Cyber Crime, and protecting us from future fraud.

## **12. Reporting suspected fraud**

12.1 As per the ESIF guidance, all instances of suspected fraud detected by the council (as the ESF beneficiary) relating to ESF and match activity will be notified to DWP as the managing Authority immediately.

12.2 Any suspected fraud will also be reported by the DurhamWorks 3 Central Team to the Corporate Fraud Team at DCC and information received relating to potential fraud, corruption or bribery will be reviewed by the Corporate Fraud Team and investigated.

12.3 The Council has put in place a safe environment to report suspected cases of fraud. This provides a range of channels for reporting fraud.

12.4 Fraud can be reported to the Corporate Fraud Team direct:

- by email at: [corporatefraudteam@durham.gov.uk](mailto:corporatefraudteam@durham.gov.uk)
- by telephone on 03000 266745
- by text: start the message with the word 'fraud' to 07797870192
- website: [www.durham.gov.uk/](http://www.durham.gov.uk/) search for fraud
- by post at Corporate Fraud Team, County Hall, Durham, DH1 5UL.

Confidential Reporting Code (Whistleblowing) can also be found on the Council's intranet and website.

12.5 Concerns can also be raised by any of the following means;

- Line managers
- Corporate Fraud Team
- Corporate Director, Resources
- Chief Executive / Corporate Directors



- Chief Internal Auditor and Corporate Fraud Manager
- Council complaints procedure.

12.6 Alternatively, concerns can be raised independently of the Council:

- the Council's External Auditor, Mazars
- local Citizens' Advice service
- the Police
- Action Fraud, of the National Fraud & Cyber Crime Reporting Centre, on 0300 123 2040  
<https://www.actionfraud.police.uk/>

12.7 Instances of suspected fraud detected by DurhamWorks 3, as the ESF beneficiary relating to ESF and match activity, should be notified to the MA immediately. Detail of how the MA and the Government Internal Audit Agency (Counter Fraud & Investigations team (GIAA (CF&I)) will investigate allegations of fraud referred to them, can be found in the [European Social Fund 2014-20 Programme Anti-Fraud Policy](#).