



COUNTER FRAUD POLICY, STRATEGY & ACTION PLAN 2025 – 2027

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## COUNTER FRAUD POLICY

### 1. POLICY STATEMENT

The consequences of fraud, bribery, and corruption affect all employees, service users as every pound lost results in fewer jobs, reduced services, and potentially higher Council Tax bills. Fraud, bribery, and corruption can result in major consequences which can lead to reputational damage and impact upon the company's ability to achieve its corporate objectives. Fraudsters are constantly revising and sharpening their techniques; therefore, the company needs to do the same. Ivy Engineering and Drainage Solutions (IEDS) is committed to the prevention and detection of fraud, bribery, and corruption. Where fraud, bribery, and corruption are suspected or identified, IEDS will commission an investigation and take all reasonable steps to recover losses. IEDS will not tolerate malpractice or wrongdoing. IEDS will use sanctions when it is identified there is a requirement to do so. This includes, but is not limited to, involving the police, disciplinary action, pursuing a prosecution, and dismissal. IEDS also has an Anti-Fraud and Corruption Policy which outlines Fraud, Bribery and Corruption Strategy, which includes the response plan, which is intended to provide direction and help to Officers in dealing with suspected cases of fraud, bribery, and corruption. IEDS has a Whistleblowing Policy which details how to raise a concern if a person suspects someone is committing wrongdoing, such as fraud, bribery or corruption.

### COUNTER FRAUD STRATEGY

#### 1. INTRODUCTION

In accordance with the Anti-Fraud and Corruption Policy, this document has been produced to outline IEDS' strategy for management the risk of fraud, bribery and corruption. This document should be read in conjunction with the Anti-Fraud and Corruption Policy which includes:

- Definitions of fraud, bribery and corruption
- The Council's objectives and position
- Roles and Responsibilities.

#### 2. STRATEGY STATEMENT

IEDS' organisation determines how the company operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent, and accountable to local people.

Managers and employees have a duty to adhere to the organisations policies and its provisions and comply with Codes of Conduct.

IEDS is committed to ensuring that employees received suitable training and continuing professional development to assist them in delivering of their duties.

IEDS supports and promotes zero tolerance to any form of fraud, bribery, corruption or irregularity and will pursue perpetrators to the full extent of the law.

IEDS expects all employees, consultants, contractors, service users and any other external and partner organisations to uphold the highest standards of integrity in their dealings for, and on behalf of IEDS.

### 3. THE FIVE PILLARS APPROACH

The Five Pillars framework is set out in the national 'Fighting Fraud & Corruption Locally Strategy for the 2020's' which has been used to inform the organisation's approach to Counter Fraud:

- Govern – Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
- Acknowledge- Accessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those charged with Governance.
- Prevent- Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communication it's activity and successes.

Each pillar introduces several activities within it, which research shows are vital components of an effective and pro-active response to the risks. Our Counter Fraud Strategy is presented in line with the five pillars framework.

#### 4. Govern

The bedrock to any strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud. IEDS is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The pillar of govern is about ensuring the tone from the top.

#### WHO GOVERNS AND HOW

The Managing Director (MD) is responsible for the executive functions (day-to-day decisions), has overall responsibility for the financial administration and has overall responsibility for legal compliance. The MD oversees a focussed agenda on key governance issues, including Counter Fraud activity. Internal Audit (Company Accountant) is an independent and objective assurance function, proving assurance to management on governance, risk, and control. The MD and Internal Audit undertake fraud investigations and proactive work, which includes reviewing and making recommendations about the control environment in areas where vulnerabilities and/or fraud or irregularity has occurred.

A number of policies are in place to support the Counter Fraud approach:

- Anti-fraud and corruption policy
- Whistleblowing Policy

In addition, the following policies and procedures provide an infrastructure of preventative measures to support a strong counter fraud culture:

- Code of Corporate Governance
- Financial Procedure Rules
- Contract Procedure Rules
- Complaints Policy
- Human Resources policies and procedures
- ICT policies and procedures

## RISK MANAGEMENT

All managers and employees have a responsibility to ensure the organisation manages its risks effectively. IEDS' Management Policy & Strategy provides a comprehensive framework to support managers and employees in ensuring that the organisation can discharge its risk management responsibilities.

### 5. Acknowledge

To create a counter fraud response, the organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud. This means undertaking a risk assessment of fraud areas and vulnerabilities, have a plan to address it and have access to resources with the right capabilities and skills.

## FRAUD RISK ASSESSMENT

The first step towards understanding what fraud and corruption risks may affect business is to perform a Fraud Risk Assessment (FRA). This also incorporates all financial crime risks. The FRA is a process by which we can identify functions within Directorates that may be vulnerable to fraud or other corrupt practice for personal gain. The FRA's are kept under continuous review and monitored for effectiveness, and subject to a full annual review. Any enhances needed is discussed between the Directorate and internal Audit and where appropriate, implemented.

The organisation uses shared learning to identify emerging threats. This includes the use of 'fraud alerts' from the National Anti-Fraud Network (NAFN).

## COMMITMENT

Resources are dedicated to managing the internal (corporate) threat of fraud and corruption and the programme of internal Counter Fraud activities is primarily carried out by officers in Internal Audit (Counter Fraud). The team comprises of one full time employee, who are supported by the Internal Audit Service, and they focus on:

- Managing allegations of internal crime.
- Managing whistleblowing referrals.
- Managing Counter Fraud training to staff.
- Providing advice on fraud risk controls.
- Providing support to the due diligence process.
- Collaborating with partners to share and identify best practice.

## COMMUNICATION & RESPONSE

Once completed and reviewed, the FRA will assist senior management when deciding on what it will take to manage the risks identified, e.g., focussed training for staff, enhanced controls, or audit reviews. The FRA's are shared with the MD and Internal Audit Panel.

### 6. Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event. TECHNOLOGY National Fraud Initiative (NFI) is a Cabinet Office data matching exercise that helps to detect and prevent fraud. The NFI helps to build the fraud detection capabilities of public and private bodies through sharing and matching data at a national level. NFI helps to increase the detection and prevention of fraud loss. The cases identified are investigated further and enforcement action is taken where necessary to recover or refer to other agencies for action. The Council needs to explore other technologies to assist in the prevention of fraud.

### FRAUD CONTROLS AND PROCESSES

There are policies and processes that affect all staff and help prevent fraud and protect colleagues. These are covered in the Govern pillar of the strategy. The declaration of Conflicts of Interest, Gifts and Hospitality (whether accepted or not) by employees promote the integrity and transparency of the business. Whistleblowing provides a route to raise concerns or pass information about potential wrongdoing in the workplace, with and in confidence.

### CULTURE

To develop a more effective culture, improvements to the training on offer is an area that requires improvement. An e-learning package is in place; however, this is not yet mandatory and needs improvement. Plans are in place to develop tailored briefing sessions and member training.

### COMMUNICATION

Updates will be used to communicate information about the results of investigations, and where appropriate external media will be used to share results of cases and entries on social media utilised to reach the public.

### 7. Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive law enforcement response on sanctions and collaboration. The organisation is committed to pursuing those responsible for committing fraud, bribery, or corruption. How allegations are investigated, will vary depending on the allegation. There will be minimum standards for the assessment, investigation, monitoring, conclusion, and outcome, to ensure the most proportionate and reasonable actions are taken that address the allegation.

## ASSESSMENT

All referrals are assessed to decide how the allegation will be dealt with:

- No Action Case Closed – e.g., where a referral is anonymous and does not provide sufficient information which could be reasonably acted upon.
- Service Response Case Closed – where some form of response is required, but does not require a formal investigation, the allegation will be forwarded to the relevant manager to deal with.
- Investigation – where it is determined that a formal investigation is required, the case will be allocated either to a member of the Counter Fraud Team or a designated investigator in the relevant Directorate.

## INVESTIGATION

The investigator will conduct reasonable and essential enquiries, which may involve interviewing, reviewing documentation and data, etc.

## MONITORING

Where possible a timescale for response will be set and used to monitor progress. Depending on the nature of the allegation, it may not be possible to put a timescale on the case to allow the investigator reasonable time to conduct their enquiries. Regular updates will be required regardless of whether a timescale is set.

## CONCLUSION

At the conclusion, the investigator will complete an investigation report to highlight what enquiries have been made, present the information obtained, summarise the findings, and where required, make recommendations.

## OUTCOME

Investigations may result in various outcomes, such as:

- No Case to Answer – where the investigation has not identified any wrongdoing.
- Closed with Recommendations – with report shared with relevant officers.
- Potential Criminality – resulting in a referral to the police or other agency.
- Recovery and Sanctions – disciplinary, civil and/or criminal charges, and recovery of losses.

## LESSONS LEARNT

Through investigations completed and counter fraud activities, the outcomes will be analysed to identify patterns of behaviour and systematic issues, from which action will be taken to closing the gaps.

### 8. Protect

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. This will cover

protecting funds, protecting the business from fraud and cyber-crime, and protecting the IEDS from future frauds.

## ASSESSING RISK

As covered in the Acknowledge pillar of the strategy, an FRA will be completed, and kept under continuous review. Any new and emerging risks identified will be scored and managed by the Counter Fraud Team.

## COUNTER FRAUD TEAM

The Counter Fraud Team not only respond to allegations of fraud but will conduct proactive Counter Fraud work to try and identify potentially fraudulent activity that has gone unnoticed, but also to ensure that counter fraud arrangements are effective.

## COUNTER FRAUD PLAN

An annual Counter Fraud Plan will be drawn up by the Assurance Service (accountant) to target resources for counter fraud work based on the FRA, considering the Counter Fraud Policy and Strategy.

## INTERNAL AUDIT

Internal Audit have a key role to play in ensuring coverage of key risk areas. The work of Internal Audit includes providing an assurance of controls in place to minimise the risk of loss, fraud, or irregularity. Where controls are considered weak or absent, Internal Audit will make recommendations to management to strengthen the control environment. Internal Audit will assess all matters of potential fraud and irregularity identified in line with the requirements of the Counter Fraud Policy and Strategy.

