

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

Invitation to comment

14 May 2014

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Invitation to comment

Introduction

Managing the Risk of Fraud, Actions to Counter Fraud and Corruption was published in 2006 by CIPFA and was the first comprehensive framework of good counter fraud practice in the public sector. It received widespread endorsement from government departments, audit regulators and counter fraud practitioners.

The standards were last updated in 2008 and CIPFA considers that it is the right time to review the standards themselves and also the status of the recommendations. Since the last update CIPFA's own work on governance has evolved with additional guidance to local authorities published in 2012 and the joint development with IFAC of international good practice guidance, Good Governance in the Public Sector, to be published in July 2014. CIPFA is also establishing a new Counter Fraud Centre to be a centre of excellence in counter fraud.

The national approach to counter fraud in the public services has developed and continues to change. Current developments include the creation of the Single Fraud Investigation Service, the transfer of functions from the National Fraud Authority to the National Crime Agency and changes to the delivery of the National Fraud Initiative under the Local Audit and Accountability Act. Some parts of the public services have well developed arrangements for counter fraud, others have not. Internationally there has been growing concern over cyber threats and organised crime, including cyber-related crime and there is a recognition that public bodies should be alert to these risks and take appropriate steps to protect themselves and their services.

The combination of evolving governance thinking, threats from organised crime and the need for a clear direction of travel in counter fraud practice, that can apply across the public services in all its forms has led CIPFA to develop this code of practice. CIPFA's aim is that the code will form the platform for both existing and developing counter fraud arrangements across the public services in the UK. It is also anticipated that it will support international developments in counter fraud and will also be of relevance to the charity and not for profit sectors in the UK.

Format of the Code

The code consists of five groups of principles. The principles set out the organisation's responsibilities for establishing good counter fraud practice and the form that will take. It is intended that the principles can apply to all organisation types and will also form the basis for joint approaches to shared risks. CIPFA's aim is to establish a set of principles that all public sector organisations could adopt, regardless of the sector, size or complexity of the organisation. The principles can be adapted to suit the organisation's own governance and service delivery arrangements.

CIPFA is developing detailed guidance with sector-specific examples that will help different organisation types to apply the principles. There will also be an assessment tool to aid implementation and identify areas for improvement.

Status of the Code

The Code is voluntary. Where organisations are required to report on the adequacy of their counter fraud and anti-corruption arrangements as part of the annual governance report, CIPFA would expect that the principles would be used to support this assessment and conclusion. In Local Government, CIPFA's Addendum¹ states that authorities should review whether 'effective counter-fraud and anti-corruption arrangements are developed and maintained' when developing their Annual Governance Statement.

Other public bodies may wish to consider how use of the principles would support their public reporting on governance.

The consultation process

CIPFA is interested in constituents' views on all aspects of the Code. Specific consultation questions have been set out in the next section, although correspondents need only respond on an exception basis. In order to ensure comments can be properly understood and addressed, CIPFA would prefer respondents to support comments with clear reasons and, where applicable, preferred alternatives.

A copy of the draft Code in pdf format can be downloaded from the CIPFA website <http://www.cipfa.org/policy-and-guidance/consultations>

To assist respondents, a response form (in Word format) is provided for the questions. We would be grateful if respondents could use this form to respond to the consultation as this will assist the analysis.

Responses are requested by 18 July 2014 and should be sent to:

Policy and Technical Directorate
CIPFA
3 Robert Street
London
WC2N 6RL
Or email: diana.melville@cipfa.org

For ease of handling, e-mailed responses using the Word document form provided are preferred.

¹ Delivering good governance in local government: Framework, Addendum, December 2012

Consultation questions

CIPFA is seeking views on the draft Code.

Please respond to the following eight questions, completing the answers in the Word document form provided.

Question 1a

Do you think that the introduction of a code of practice (the Code) will encourage the adoption of good counter fraud practice in your sector? If not, what should we change?

Question 1b

Do you think the Code will help to encourage good counter fraud practice in the wider public sector? If not, what should we change?

Question 2a

Do you think CIPFA has identified the correct core principles of good counter fraud practice?

Question 2b

If not, what additions or amendments would you suggest?

Question 3a

CIPFA intends to publish practical guidance to support the implementation of the Code. Which of the following would you like the guidance to contain?

- a. Guidance on applying the Code in specific sectors, for example, local government, health, central government and education.
- b. Provide context relevant for the different sectors, where applicable. For example how the Code would be used alongside the annual government statement in local government.
- c. Examples of good practice.
- d. References to other guidance and supporting resources.

Question 3b

What other areas or issues should the guidance cover and why?

Question 4

The CIPFA Code of Practice will be voluntary. How do you think take-up of the code should be encouraged and embedded throughout the public sector?

Question 5

What barriers are there to the wide- spread adoption of the code in your sector and how can CIPFA help to overcome those barriers?

In addition, CIPFA welcomes any other comments you may have on the draft code.

Response Form

A separate copy of this response form is also available on the CIPFA website.

Question 1a

Do you think that the introduction of a code of practice (the Code) will encourage the adoption of good counter fraud practice in your sector? If not, what should we change?

Yes / No (<i>please delete as appropriate</i>)
If no, please suggest what we should change:

Question 1b

Do you think the Code will help to encourage good counter fraud practice in the wider public sector? If not, what should we change?

Yes / No (<i>please delete as appropriate</i>)
If no, please suggest what we should change:

Question 2a

Do you think CIPFA has identified the correct core principles of good counter fraud practice?

Yes / No (<i>please delete as appropriate</i>)
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Question 2b

If not, what additions or amendments would you suggest?

Please write your answer to question 2b in the box below:

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Question 3a

CIPFA intends to publish practical guidance to support the implementation of the Code. Which of the following would you like the guidance to contain?

- a. Guidance on applying the Code in specific sectors, for example, local government, health, central government and education.
- b. Provide context relevant for the different sectors, where applicable. For example how the Code would be used alongside the annual government statement in local government.
- c. Examples of good practice.
- d. References to other guidance and supporting resources.

Guidance Content:	To be included or not: (Please delete as appropriate)
Guidance on applying the Code in specific sectors, for example, local government, health, central government and education.	Include / not include
Provide context relevant for the different sectors, where applicable. For example how the Code would be used alongside the annual government statement in local government.	Include / not include
Examples of good practice	Include / not include
References to other guidance and supporting resources	Include / not include

Question 3b

What other areas or issues should the guidance cover and why?

Please include any suggestions on the guidance notes in the box below:

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Question 4

The CIPFA Code of Practice will be voluntary. How do you think take-up of the code should be encouraged and embedded throughout the public sector?

Please answer question 4 in the box below:

Question 5

What barriers are there to the wide-spread adoption of the code in your sector and how can CIPFA help to overcome those barriers?

Please answer question 5 in the box below:

CIPFA welcomes any other comments you may have on the draft code: