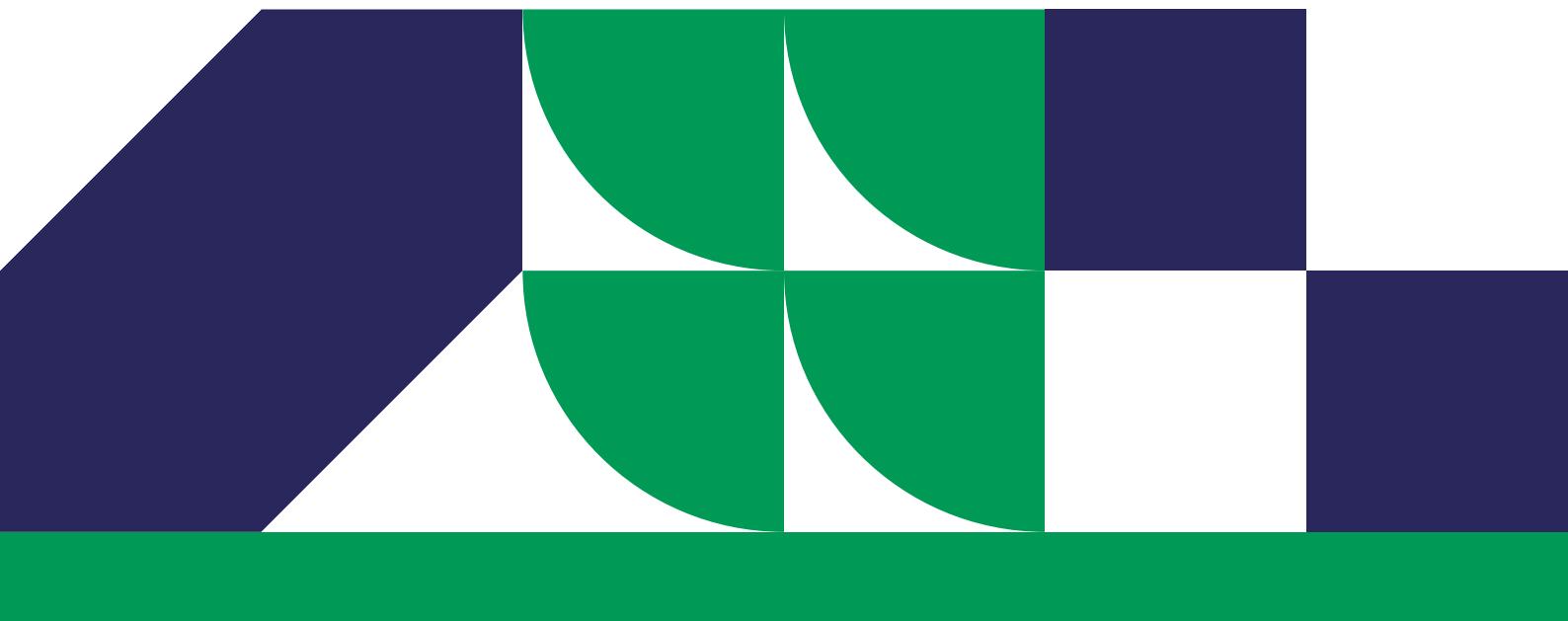




HM Government

# Government Functional Standard



## GovS 013: Counter Fraud

Management of counter fraud, bribery and corruption activity

Version: 2.0

Date issued: August 2021

**Approved**



This functional standard is part of a suite of management standards that promotes consistent and coherent ways of working across government, and provides a stable basis for assurance, risk management and capability improvement.

The suite of standards, and associated guidance, can be found at **GOV.UK government functional standards**.

Functional standards cross-refer to each other where needed, so can be confidently used together.

They contain both mandatory and advisory elements, described in consistent language (see the table below).

Term	Intention
shall	denotes a requirement: a mandatory element.
should	denotes a recommendation: an advisory element.
may	denotes approval.
might	denotes a possibility.
can	denotes both capability and possibility.
is/are	denotes a description.

The meaning of words is as defined in the Shorter Oxford English Dictionary, except where defined in the Glossary in Annex B.

It is assumed that legal and regulatory requirements are always met.

GovS 013, Counter Fraud: Version 2 of GovS 013 replaces version 1.1 and has the same purpose, scope and intent. The main changes relate to general enhancements derived from feedback, use and changes to other standards.

© Crown copyright 2021

Produced by Counter Fraud Centre of Expertise, part of the Government Counter Fraud Function within the Cabinet Office.

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

---

# Contents

1.	About this government functional standard	2
1.1	Purpose of this standard	2
1.2	Scope of this standard	2
1.3	Government standards references	2
2.	Principles	3
3.	Context	4
4.	Governance	4
4.1	Governance and management frameworks	4
4.2	Strategy	5
4.3	Organisational action plans and metrics	6
4.4	Organisational policy and response plans	6
4.5	Assurance	7
4.6	Decision making	8
4.7	Roles and accountabilities	8
5.	Counter fraud, bribery and corruption practices	11
5.1	Risk assessments	11
5.2	Reporting routes	11
5.3	Record keeping	11
5.4	Loss reporting	11
5.5	Access to trained investigators	12
5.6	Proactive detection activity	12
5.7	Awareness training	12
5.8	Policies and registers for gifts, hospitality and conflicts of interest	12
A.	References	13
B.	Glossary	14
C.	Counter fraud organisational basics checklist	16

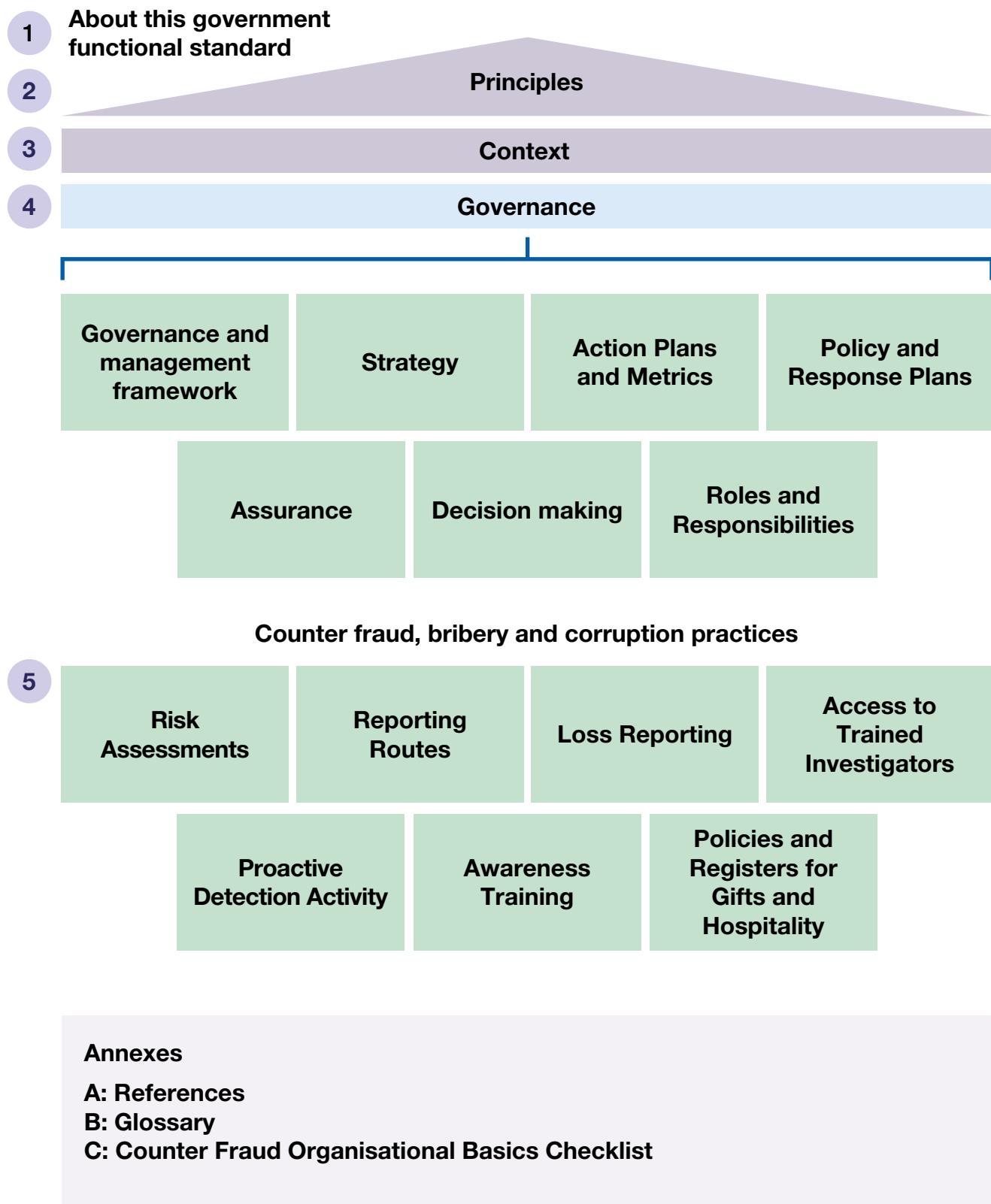


Figure 1 Structure and scope of this functional standard



# 1. About this government functional standard

## 1.1 Purpose of this standard

The purpose of this government functional standard is to set the expectations for the management of counter fraud, bribery and corruption activity in government organisations.

This standard provides direction and guidance for:

- permanent secretaries, directors general, chief executive officers and chief financial officers of government departments and arm's-length bodies
- counter fraud leads within organisations who manage fraud, bribery and corruption risk
- members of audit and risk committees
- audit and assurance bodies
- employees and third party suppliers

## 1.2 Scope of this standard

This standard applies to the planning, delivery and management of the measures needed to counter fraud, bribery and corruption in government departments and their arm's-length bodies. Other public sector organisations, devolved or local, might find this standard useful.

The structure of the standard is shown in **Figure 1**.

## 1.3 Government standards references

The following standards are directly necessary for the use of this standard:

- GovS 006, Finance
- GovS 007, Security
- GovS 009, Internal Audit

A functional standard supports achievement of the outcomes sought by an organisation. It sets expectations for what needs to be done and why relating to the functional work within its scope, in order to achieve those organisational outcomes.

Note: For expectations relating to management of a function across government, and management of functional standards, please see GovS 001, government functions.

---

## 2. Principles

Those engaged in counter fraud, bribery and corruption work shall ensure:

1. objectives are aligned to government policy and organisational objectives
2. accountabilities and responsibilities for managing fraud, bribery and corruption risk are defined, mutually consistent, and traceable across all levels of management
3. staff have the skills, awareness and capability to protect the organisation against fraud, bribery and corruption
4. controls are in place to mitigate fraud, bribery and corruption risks and are regularly reviewed to meet evolving threats
5. fraud, bribery and corruption risk management practices, tools and methods continue to evolve in line with industry trends, threats and best practice
6. the standard is applied in accordance with the professional standards and guidance for counter fraud, bribery and corruption [1]
7. public service codes of conduct and ethics, and those of associated professions are upheld



## 3. Context

This section provides essential background information for the use of this functional standard.

Fraud is a significant risk to the UK public sector and has far-reaching financial and reputational consequences. The government estimates that fraud costs the public sector between £31 billion and £53 billion per year and much of this goes undetected.

Other threats to the public sector include bribery and corruption, as well as wider economic crime, which is also a core focus of our fight to reduce loss to the public sector as a whole.

Due to the nature of fraud, bribery and corruption being hidden crimes, the National Audit Office has challenged the government to do more in this space.

The Counter Fraud Function is one of government's fourteen functions, bringing together 16,000 public servants who work to find and tackle fraud, bribery and corruption, and wider economic crime across central government.

## 4. Governance

### 4.1 Governance and management frameworks

#### 4.1.1 Overview

Governance comprises prioritising, authorising, directing, empowering and overseeing management, while assuring and reviewing

performance. A governance and management framework for counter fraud, bribery and corruption shall be defined and established at government and organisational levels, which comply with government and departmental policies and directives, and with this standard

#### 4.1.2 Governance and management framework across government

The governance and management framework across government should include:

- mandatory policies, processes, data and other requirements, together with associated guidance
- requirements for tracking and reporting performance in organisations
- guidance and provision of expert support, training and assurance

#### 4.1.3 Governance and management framework in an organisation

A governance and management framework should detail the organisation's policy and arrangements for managing fraud, bribery and corruption risk in the organisation (see 4.4).

The policy should set out:

- the standards of expected behaviour, including how they align to the Civil Service Code [7]

- how fraud, bribery and corruption is defined in the organisation with reference to current legislation and government definitions
- how the organisation deals with fraud, bribery and corruption, including activity to find fraud, bribery and corruption
- the organisation's approach to fraud, bribery and corruption risk assessment
- staff and management responsibilities within the organisation for countering fraud, bribery and corruption
- how the organisation intends to improve based upon lessons learnt

The governance and management framework in an organisation should include, but not be limited to:

- the role and responsibilities of the board and audit committee in respect of counter fraud, bribery and corruption
- procedures and processes for taking decisions, and the degree of autonomy
- requirements for fraud, bribery and corruption risk reporting, and incident management
- the arrangements for obtaining organisational assurance (see 4.5)

The governance of counter fraud, bribery and corruption risk within an organisation should be an integrated part of that organisation's overall governance.

## 4.2 Strategy

### 4.2.1 Cross-government counter fraud strategy

The senior officer accountable for counter fraud across government (see 4.7.2) should develop and maintain a cross-government counter fraud strategy.

The strategy should:

- be developed in collaboration with the organisational senior officer accountable for counter fraud (see 4.7.6) taking into account the needs, objectives and priorities of their organisation
- consider external best practice, as well as previous learning from within the Civil Service
- be agreed by a board comprised of the organisational senior officer accountable for counter fraud (see 4.7.6)
- be communicated to organisations in order that it can be successfully implemented
- be maintained for relevance and its implementation monitored and measured

### 4.2.2 Organisational counter fraud strategy

Organisations should have a counter fraud, bribery and corruption strategy, which should be approved by the organisation's board or executive risk committee. The strategy may consist of a single overarching strategy or separate strategies (counter fraud as one, bribery and corruption as the other) depending on how the organisation is structured.

The strategy should set the direction and desired outcomes relating to counter fraud, bribery and corruption over the next 2 to 5 years, including:

- an assessment of the main risks and challenges facing the organisation
- an assessment of how the fraud, bribery and corruption landscape may change
- where the organisation wants to be in the next two to five years
- how it intends to actively counter fraud, bribery and corruption and develop its response
- objectives for the period of the strategy



The strategy should be informed by a fraud, bribery and corruption risk assessment and be updated to take account of changes in the internal and external environment.

## 4.3 Organisational action plans and metrics

### 4.3.1 Annual action plan

Each organisation should develop and maintain an annual action plan to show how the organisation's counter fraud, bribery and corruption strategy is to be implemented. The plan should include actions to improve capability and resilience, and should target areas of improvement.

The annual action plan should:

- state the objectives and outcomes being targeted
- describe prioritised improvement activities, with milestones for delivery
- set accountability for the delivery of each activity
- be tracked and maintained so that progress against the plan can be monitored and reviewed
- be reviewed and updated to reflect changes in strategy and the internal and external environment

Organisations should submit their annual action plan to the Counter Fraud Centre of Expertise prior to the start of the financial year and supply progress updates quarterly, or as required.

### 4.3.2 Outcome based metrics

Organisations should define the outcomes they are seeking to achieve that year, and should have metrics to measure whether the targeted outcome has been achieved. For organisations with a significant investment in counter fraud, bribery and corruption or a significant estimated fraud loss, these should include metrics with a financial impact.

Metrics with a financial impact should be based on a targeted value of prevented and/or detected fraud against a baseline to measure improvement over time.

Organisations should target an increase in the total amount of detected fraud and/ or loss prevented from their counter fraud strategy (see 4.2.2).

Whether an organisation has a significant investment in counter fraud, bribery and corruption should be agreed between the organisation and the Counter Fraud Centre of Expertise.

Note: Significant investment is the level of expenditure allocated to counter fraud, bribery and corruption as a proportion of the gross expenditure limit or level of fraud loss incurred.

## 4.4 Organisational policy and response plans

Organisations should have a counter fraud, bribery and corruption policy, and a response plan for dealing with potential instances of fraud, bribery and corruption.

The policy should set out:

- the standards of expected behaviour, including how they align to the Civil Service Code [7]
- how fraud, bribery and corruption is defined in the organisation with reference to current legislation and government definitions

- how the organisation deals with fraud, bribery and corruption, including activity to find fraud
- the organisation's approach to fraud, bribery and corruption risk assessment
- staff and management responsibilities within the organisation for countering fraud, bribery and corruption
- how the organisation intends to improve based upon lessons learnt

The response plan should include:

- where individuals can report potential instances of fraud, bribery and corruption
- how the organisation deals with individual items of intelligence from reporting routes and other sources
- how the organisation responds to instances of fraud, bribery and corruption
- how the organisation monitors the progress of investigations, and takes decisions on them
- the roles and responsibilities of staff, teams and individual functions in responding to instances of fraud, bribery and corruption
- how this information should be reported both within the organisation, and to other relevant organisations (including law enforcement agencies)

The policy and response plan might contain sensitive information and should be communicated in accordance with the government security classification (see **GovS 007, Security**).

## 4.5 Assurance

The purpose of assurance is to provide, through a systematic set of actions, confidence to senior leaders and stakeholders that work is controlled and supports safe and successful delivery of policy, strategy and objectives.

Organisations should have a defined and established approach to assurance, which should be applied proportionately to the risk and value of the activity, and integrated with the organisation's overall assurance framework.

Typically, assurance should be on at least three separate and defined levels including:

- by, or on behalf of operational management that own and manage fraud, bribery and corruption risk, to ensure this standard is being used
- by, or on behalf of senior management, independent of operational management, to ensure the first line of defence is properly designed, in place, and operating in line with this standard
- by independent bodies to provide senior management with an objective opinion on the effectiveness of the organisation's overall counter fraud response and compliance with this functional standard

The work of internal and external assurance providers should be planned to minimise disruption to other work, avoiding overlaps with other assurance activities and duplication of effort, whilst remaining rigorous and meeting the needs of stakeholders. Where assurance includes formal review activity, the customer for the review should be clearly identified.

GovS 009, Internal Audit shall be followed.

The requirements of the Orange Book: management of risk- principles and concepts [8], shall be met.



## 4.6 Decision making

Decisions relating to counter fraud, bribery and corruption management should be made and approvals given in a timely manner, in accordance with the organisation's counter fraud bribery and corruption governance and management framework.

Government policy shall be complied with. Decisions should be made by assessing options against defined criteria and in consultation with stakeholders and subject matter experts.

## 4.7 Roles and accountabilities

### 4.7.1 Introduction

Roles and accountabilities shall be defined in the relevant governance and management framework and assigned to people with appropriate seniority, skills and experience.

This should include, but is not limited to, the activities, outputs or outcomes they are responsible for, and the person they are accountable to.

Roles may be allocated to more than one individual and be supported by a team of specialists as appropriate, so long as the accountability is clear.

### 4.7.2 Senior officer accountable for counter fraud across government

The senior officer accountable for counter fraud, bribery and corruption across government is accountable to the chief operating officer of the Civil Service for the implementation of cross-government counter fraud policy. In discharging this role, they should:

- develop and maintain the cross-government counter fraud strategy (see 4.2.1)

- set the governance and management framework for the delivery of cross government counter fraud, bribery and corruption priorities (see 4.1.2)
- advise ministers and senior officials on the government's counter fraud, bribery and corruption response
- oversee the standards of professionalism for counter fraud, bribery and corruption across government

Note. The current job title associated with this role is the Director of Fraud, Debt and Grants Management Functions, and Director of the Counter Fraud Function.

### 4.7.3 Counter fraud Centre of Expertise

The counter fraud Centre of Expertise is the corporate centre of the government's Counter Fraud Function.

The centre, based in the Cabinet Office, leads the government's Counter Fraud Function and accountable to the senior officer accountable for counter fraud, bribery and corruption across government (see 4.7.2) for supporting organisations to develop their counter fraud capability, through the provision of standards, expert advice and counter fraud services.

The counter fraud Centre of Expertise shall:

- put in place the structures to develop counter fraud capability across government
- maintain the UK's evidence-base on public sector fraud, bribery and corruption
- advise ministers and senior officials on the government's counter fraud, bribery and corruption response
- deliver services which organisations can use to strengthen their counter fraud, bribery and corruption response
- promote leading practice on counter fraud as the UK's centre of expertise, operating both domestically and internationally with other governments

- oversee the implementation of this functional standard, and the level of compliance across government
- monitor the performance of government organisations against the cross-government counter fraud strategy (see 4.2.1)

#### 4.7.4 Accounting officer

The Permanent Secretary of a government department is usually its Principal Accounting Officer.

An organisation's accounting officer is accountable (via a principal accounting officer where appropriate) to Parliament and the public for the stewardship of public resources, ensuring they are used effectively and to high standards of probity.

The principal accounting officer generally appoints the most senior executive in organisations under the department's ambit as an accounting officer.

The accounting officer has ultimate responsibility for the management of counter fraud, bribery and corruption risk in their organisation, and has a duty to report financial irregularity arising from fraud, bribery and corruption.

GovS 006, Finance shall be followed.

#### 4.7.5 Board member accountable for counter fraud within an organisation

Organisations shall have an accountable individual at board level to support the accounting officer. The accountable board member should provide effective leadership at an organisational level to ensure the organisation is managing the risk of fraud, bribery and corruption.

An accounting officer may fulfil this role (for example, in smaller organisations).

The board member accountable for counter fraud within an organisation should:

- work with the organisation to meet this functional standard, and make the board aware of where there are gaps
- be accountable for the organisation's performance in countering fraud, bribery and corruption
- ensure the board has discussions on the nature of the fraud, bribery and corruption risk facing the organisation and the measures being taken to mitigate this risk
- ensure the organisation has the resources, skills and capability to deliver its counter fraud, bribery and corruption strategy
- ensure the organisation has clear lines of accountability for fraud risk and loss across all levels of the organisation, including a senior officer accountable for counter fraud (see 4.7.6)

It is possible for this accountability to be split between different board members. However, where this is the case, those with accountability should be accountable for specific areas of the business (rather than have joint accountability), and this accountability should be recorded and recognised by the board.

Note: Where an organisation does not have a formal board structure this can be replaced with an executive risk committee.

#### 4.7.6 Senior officer accountable for counter fraud within an organisation

The senior officer accountable for counter fraud (also known as the counter fraud functional lead) within an organisation is accountable to the board member accountable for counter fraud (see 4.7.5) for the day-to-day management of fraud, bribery and corruption risk in their organisation.



The components of this role may be assigned to more than one individual, provided the full scope is covered, and interfaces are defined and managed.

In discharging this role, they should:

- work with the counter fraud champion across the organisation to meet this functional standard (see also 4.7.7)
- support the delivery of the cross-government counter fraud vision and strategy
- devise, manage and implement the organisation's counter fraud, bribery and corruption strategy
- be responsible for developing capability within the organisation, and ensure that staff have the skills and capability to deliver the organisation's counter fraud, bribery and corruption strategy, policy and response plan
- actively seek out best practice on counter fraud, bribery and corruption and integrate this into the practices of the organisation and their delivery partners

The person undertaking this role should be a member of the government counter fraud profession, and should maintain:

- a detailed understanding of the fraud, bribery and corruption risks that their organisation faces
- an effective method for communicating these to the board and the audit committee
- a good understanding of the organisation, and the context within which it operates, alongside the limitations it may have in dealing with fraud, bribery and corruption
- a good understanding of the organisation's fraud, bribery and corruption controls, their effectiveness and limitations

Note: From 2022, those undertaking this role in government departments are required to be members of the counter fraud profession [4] in line with the UK's anti-corruption strategy [6].

#### **4.7.7 Counter fraud champion within an organisation**

Organisations should nominate an individual to be their counter fraud champion. The individual should be of sufficient seniority to be able to communicate and have access to the whole organisation.

The roles of champion and senior officer for counter fraud in an organisation (see 4.7.6) may be the same person.

The counter fraud champion should promote awareness of fraud, bribery and corruption within their organisation, and inform process improvements and drive cultural change.

#### **4.7.8 Employees and contractors within an organisation**

Individual staff members have a responsibility to perform their roles in accordance with the Civil Service Code [7]. The code expects civil servants to operate with integrity and to comply with the law.

Note: Attention is drawn to the Fraud Act 2006, Bribery Act 2010 and their equivalents in other jurisdictions.

In performing their role, and in meeting this standard, they should:

- undertake fraud, bribery and corruption training as defined and required by their organisation
- report reasonable suspicion of fraud, bribery and corruption using the reporting routes as defined by their organisation

## 5. Counter fraud, bribery and corruption practices

### 5.1 Risk assessments

Organisations should have a fraud, bribery and corruption risk assessment.

This should be undertaken in line with the practice detailed in the fraud, bribery and corruption risk assessment professional standards and guidance [2].

The organisation should undertake varying levels of risk assessments including:

- a high-level fraud, bribery and corruption risk assessment that gives an overview of the main risks and challenges facing the organisation to the board or executive risk committee
- an intermediate fraud, bribery and corruption risk assessment that extends to departmental functions, programmes or major areas of spend
- a detailed fraud, bribery and corruption risk assessment that covers individual business units, projects or programmes

Organisations should have a high-level risk assessment and some detailed risk assessments in the highest risk areas.

Intermediate assessments are advisable in larger organisations with a wide range of payment or service streams.

Organisations should undertake fraud, bribery and corruption risk assessments on a regular basis. They should be seen as an ongoing process, rather than a standalone exercise.

### 5.2 Reporting routes

Organisations should have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations.

Reporting routes should be published and promoted. Organisations should monitor the usage of these reporting routes, and take corrective action when needed.

Organisations should have a mechanism or system for recording reported potential instances of fraud, bribery and corruption. Instances should be recorded so the specifics of the allegations are clearly identified, including individuals and/or organisations involved and the act(s) they are alleged to have undertaken.

### 5.3 Record keeping

Information (both physical and electronic) should be securely stored, distributed and be retrievable when needed to support and evidence the management of fraud, bribery and corruption cases. Information shall be retained in accordance with organisational information retention policies and legal requirements.

### 5.4 Loss reporting

Organisations should report identified loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions [5].

Losses and recoveries should be reported using a consolidated data request (CDR) in accordance with the timescales set by the Cabinet Office.



Loss reporting frequency may change depending on the need to conduct detailed fraud loss and error reviews. Changes to the frequency of reporting should be done in consultation with the affected organisations.

Organisations should store their data on fraud, bribery and corruption loss in a manner that is conducive to quick reporting and analysis.

## 5.5 Access to trained investigators

Organisations should have access to appropriately qualified and trained investigators that meet the Government Counter Fraud Profession's public sector fraud investigation core discipline standard [3].

Note: The investigation core discipline standard details the skills, knowledge and experience that those who investigate fraud and economic crime should have.

## 5.6 Proactive detection activity

Proactive detection activity can include fraud, bribery and corruption measurement and assurance activity, or the use of data sharing and/or data analytics to attempt to find fraud in a specific business area, based on a good understanding of the risks in that area.

Organisations should undertake activity to try and detect fraud, bribery and corruption in high-risk areas where little or nothing is known of fraud, bribery and corruption levels. This activity should include using loss measurement activity (fraud measurement and assurance) where suitable.

## 5.7 Awareness training

Organisations should ensure staff have access to and undertake fraud, bribery and corruption training as appropriate to their role.

Individual staff members should ensure completion of counter fraud, bribery and corruption training as set by the organisation.

The senior officer accountable for counter fraud within the organisation is responsible for the provision of fraud, bribery and corruption training. The senior officer accountable for counter fraud is responsible for the decision on what training is appropriate.

## 5.8 Policies and registers for gifts, hospitality and conflicts of interest

Organisations' governance and management frameworks should include policies and registers for gifts, hospitality and conflicts of interest.

Staff should declare offers of gifts and hospitality (whether accepted or declined) in accordance with the gift and hospitality policy that is set down by the organisation.

Offers of gifts and hospitality (whether accepted or declined) should be recorded within the gifts and hospitality register.

Staff should declare conflicts of interests in accordance with the conflicts of interest policy that is set down by the organisation.

Conflicts of interest should be recorded within the conflict of interest register.

## A. References

All references are correct at the time of publication, users should check for updated versions.

I.D.	Description
1	Cabinet Office, <i>Government Counter Fraud Profession</i> (2018) <b><a href="https://www.gov.uk/government/groups/counter-fraud-standards-and-profession">https://www.gov.uk/government/groups/counter-fraud-standards-and-profession</a></b>
2	Cabinet Office, <i>Fraud Risk Assessment Core Discipline Standard</i> (2019) Standard is available from the Government Counter Fraud Profession ( <b>gcfp@cabinetoffice.gov.uk</b> )
3	Cabinet Office, <i>Fraud Investigation Core Discipline Standard</i> (2018) Standard is available from the Government Counter Fraud Profession ( <b>gcfp@cabinetoffice.gov.uk</b> )
4	Cabinet Office, <i>Fraud Leadership, Management and Strategy Core Discipline Standard</i> (2018) Standard is available from the Government Counter Fraud Profession ( <b>gcfp@cabinetoffice.gov.uk</b> )
5	Cabinet Office, <i>Fraud Loss and Error Reporting Policy</i> (2018) Policy guidance is available from the Counter Fraud Centre of Expertise
6	Home Office, Department for International Development and Foreign, Commonwealth and Development Office, <i>UK Anti-Corruption Strategy 2017 to 2022</i> <b><a href="https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022">https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022</a></b>
7	Civil Service, The Civil Service Code (2015) <b><a href="https://www.gov.uk/government/publications/civil-service-code/the-civil-service-code">https://www.gov.uk/government/publications/civil-service-code/the-civil-service-code</a></b>
8	HM Treasury, Government Finance function, <i>Orange Book</i> (2020) <b><a href="https://www.gov.uk/government/publications/orange-book">https://www.gov.uk/government/publications/orange-book</a></b>



## B. Glossary

See also the common glossary of definitions <https://www.gov.uk/government/publications/functional-standards-common-glossary> which includes a list of defined terms and phrases used across the suite of government standards. The glossary includes the term, definition, and which function owns the term and definition.

Term	Definition
assurance	A general term for the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements, and the production of insightful and credible information to support decision making. Confidence diminishes when there are uncertainties around the integrity of information or of underlying processes.
bribery	The offering, promising or giving of a financial or other advantage to induce or reward improper performance and/or the request, or receipt of such an advantage. It includes the corporate offence of failing to prevent bribery (as set out in the Bribery Act 2010).
corruption	The abuse of a public or private office for personal gain. The active or passive misuse of the powers of public officials, appointed or elected, for private financial or other benefits (as set out in the OECD glossary of international standards in criminal law).
counter fraud strategy	A defined approach for how the organisation will counter fraud, bribery and corruption over a two to five year period.
counter fraud annual action plan	A plan detailing the specific actions that an organisation will undertake to deliver the counter fraud, bribery and corruption strategy or specific parts of it within the financial year.
defined (way of working)	In the context of standards, 'defined' denotes a documented way of working which people are expected to use. This can apply to any aspect of a governance or management framework for example processes, codes of practice, methods, templates, tools and guides.
established (way of working)	In the context of standards, 'established' denotes a way of working that is implemented and used throughout the organisation. This can apply to any aspect of a governance or management framework for example processes, codes of practice, methods, templates, tools and guides.
fraud	A false representation, or failure to disclose that is dishonest, or the abuse of position with the intention to cause financial gain or loss (as set out in the Fraud Act 2006).

Term	Definition
fraud loss measurement	The method of selecting a sample to estimate the total cost of fraud or error.
fraud outcome-based metrics	A method of measuring a particular task, activity or process using quantifiable measures based upon the outcome (i.e. financial savings, fraud rate, volume/ value of fraud detected/ prevented, false positive rate or percentage of staff trained).
fraud, bribery and corruption reporting route	A communication channel or reporting medium for staff, contractors or members of the public to report fraud, bribery and corruption to the organisation (i.e. a whistleblowing line, fraud reporting hotline or online reporting service/tool).
governance	Governance defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation. It determines the rules and procedures through which the organisational objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.
governance and management framework	A governance and management framework sets out the authority limits, decision making roles and rules, degrees of autonomy, assurance needs, reporting structure, accountabilities and roles and the appropriate management practices and associated documentation needed to meet this standard.
lessons learnt	The practice of continuous improvement based upon organisational learning in a risk management context.
loss reporting (counter fraud)	The method of reporting loss data relating to fraud and error to the cabinet office using the consolidated data request process.
organisation	An organisation, in the context of government functional standards, is the generic term used to describe a government department, arm's length body, or any other entity that is identified as being within scope of a functional standard.
plan	A plan sets out how objectives, outcomes and outputs are to be delivered within defined constraints, in accordance with the strategy.
strategy	A strategy outlines longer term objectives, outcomes and outputs, and the means to achieve them, to inform future decision and planning.



## C. Counter fraud organisational basics checklist

1. Have an **accountable individual** at board level who is responsible for counter fraud, bribery and corruption.
2. Have a **counter fraud, bribery and corruption strategy** that is submitted to the centre.
3. Have a **fraud, bribery and corruption risk assessment** that is submitted to the centre.
4. Have a **policy and response plan** for dealing with potential instances of fraud, bribery and corruption.
5. Have an **annual action plan** that summarises key actions to improve capability, activity and resilience in that year.
6. Have **outcome-based metrics** summarising what outcomes they are seeking to achieve that year. For organisations with ‘significant investment’ in counter fraud, bribery and corruption or ‘significant estimated’ fraud loss, include metrics with a financial impact.
7. Have well established and documented **reporting routes for staff, contractors and members of the public** to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations.
8. **Report identified loss** from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions.
9. Have agreed access to trained investigators that meet the agreed public sector skill standard.
10. Undertake **activity to try and detect fraud** in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable.
11. Ensure all staff have access to and undertake **fraud awareness, bribery and corruption training** as appropriate to their role.
12. Have **policies and registers** for gifts, hospitality and conflicts of interest.

