

1	Adopting the right strategy	
1.1	Does the organisation have a counter fraud and corruption strategy that can be clearly linked to the organisation's overall strategic aims?	No. It is not currently linked. Action point for 2010-11.
1.2	Is there a clear remit to reduce losses to fraud and corruption to an absolute minimum covering all areas of fraud and corruption affecting the organisation?	The Fraud Policy Statement clearly states in para 1.3 that HEFCW 'will not accept any level of fraud and corruption'. Para 5.1 of the Fraud Response Plan states that HEFCW 'will take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct'.
1.3	Are there effective links between 'policy' work (to develop an anti fraud and corruption and 'zero tolerance' culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and system) and 'operational' work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where it is found)?	The fraud policy and fraud response plan have only recently been introduced and therefore it is too early to comment. This is to be reviewed again in 2011.
1.4	Is the full range of integrated action being taken forward or does the organisation pick and choose?	It is too early to comment. This is to be reviewed again in 2011.
1.5	Does the organisation focus on outcomes (ie reduced losses) and not just activity (ie the number of investigations, prosecutions etc)?	No incidents of fraud yet detected, but the initial focus is on outcomes ie a zero tolerance approach.
1.6	Has the strategy been directly agreed by those with executive authority for the organisation?	The Fraud Policy Statement and Fraud Response Plan were approved by Council in December 2009. They will be reviewed in December 2010.
2	Accurately identifying the risks	

2.1	Are fraud and corruption risks considered as part of the organisation's strategic risk management arrangements?	Yes. The Corporate Fraud Risk Register is reviewed annually by Management Board and by Council. The risk of fraud also appears on the Corporate Risk Register and is reviewed three times a year by Management Board and by Council.
2.2	Is the organisation seeking to identify accurately the nature and scale of losses to fraud and corruption using a : <ul style="list-style-type: none"> • Proper definition of fraud based in civil law for making accurate statements? • Professional statistical methodology for making accurate estimates and building in a proper level of independent validation? 	Definitions of fraud given in para 2.1 of the Fraud Policy Statement. No fraud or corruption identified to date.
2.3	Does the organisation use accurate estimates of losses to make informed judgements about levels of budgetary investment in work to counter fraud and corruption?	No fraud or corruption identified to date. Assumed likelihood of fraud will help determine proportionate level of organisational response.
3	Creating and maintaining a strong structure	
3.1	Do those tasked with countering fraud and corruption have the appropriate authority needed to pursue their remit effectively, linked to the organisation's counter fraud and corruption strategy?	Yes. Responsibilities are defined within the Fraud Policy Statement and Fraud Response Plan.
3.2	Is there strong executive support for work to counter fraud and corruption?	Annual updates on the management of fraud risk are provide to Management Board, the Audit & Risk Committee and to Council.
3.3	Is there a level of financial investment in work to counter fraud and corruption that is proportionate to the risk that has been identified?	There is no history of fraud or corruption to date and therefore has not resulted in a need for additional internal audit work. See also 2.3 above.

3.4	Are all those working to counter fraud and corruption professionally trained and accredited for their role?	No. However, the Head of Internal Audit, who will be the Investigating Officer in any case of fraud or corruption, does have training in this area. Head of Resources to obtain training in 2010-11.
3.5	Do those employees who are trained and accredited formally review their skill base and attend regular refresher courses to ensure they are abreast of new developments and legislation?	No. See 3.4 above.
3.6	Are all those working to counter fraud and corruption undertaking this work in accordance with a clear and ethical framework and standards of personal conduct?	All members of staff are required to comply with our Code of Conduct and with para 6.1 of the HEFCW Fraud Policy Statement, which details staff responsibilities.
3.7	Is an effective propriety checking process – implemented by appropriately trained staff – in place that includes appropriate action where individuals fail the check?	HR ensures that all appointees are subject to a reference check.
3.8	Does the organisation regularly review its propriety checking and are random checks carried out to ensure that it is implemented?	This is covered periodically by audit checking.
3.9	Are there framework agreements in place to work with other organisations and agencies?	None at present. Eg with external auditors, other fraud investigation groups. To be considered in 2011 for action in 2011-12.
3.10	Are there framework agreements focused on the practicalities of common work?	Not yet in place. See 3.9 above
3.11	Are there regular meetings to implement and update these agreements?	Not yet in place. See 3.9 above.
4	Taking action to tackle the problem	

4.1	Is the organisation undertaking the full range of necessary actions (see also 1.3 above)?	Proactive fraud work to be considered for 2010-11 eg <ul style="list-style-type: none"> • Review of fraud policy and fraud response plan • Combine established operating risk internal seminar with fraud risk awareness seminars for staff and through investigating all suspected cases of fraudulent activity.
4.2	Does the organisation have a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture (including strong arrangements to facilitate whistleblowing)?	Whistle blowing policy in place as well as fraud documents referred to above in 4.1. Consideration to further activities for 2010-11 shown above in 4.1.
4.3	Are there clear goals for this work (to maximise the percentage of staff who recognises their responsibilities to protect the organisation and its resources)?	See 4.1 above.
4.4	Is this programme of work being effectively implemented?	See 4.1 above.
4.5	Are there arrangements in place to evaluate the extent to which a real anti-fraud and corruption exists or is developing throughout the organisation?	Actions to develop this culture to be considered for 2010-11.
4.6	Are agreements in place with stakeholder representatives to work together to counter fraud and corruption?	Not yet developed. To be considered for 2010-11.
4.7	Have arrangements been made to assure that stakeholder representatives benefit from successful counter fraud and corruption work?	As for 4.6 above.
4.8	Does the organisation have a clear programme of work attempting to create a strong deterrent effect?	Not yet developed. See 4.1 & 4.2 above.

4.9	<p>Does the organisation have a clear programme of work to publicise the:</p> <ul style="list-style-type: none"> • Hostility of the honest majority to fraud and corruption • Effectiveness of preventative arrangements • Sophistication of arrangements to detect fraud and corruption • Professionalism of those investigating fraud and corruption and their ability to uncover evidence • Likelihood of proportionate sanctions being applied; and • Likelihood of losses being recovered? 	See 4.1 & 4.2 above.
4.10	Has the organisation successfully publicised work in this area?	See 4.1 above.
4.11	Has the publicity been targeted at areas of greatest fraud losses?	No fraud losses identified to date.
4.12	Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?	Internal policy owners to be made aware of anti fraud culture and liaison required with both internal and external audit providers to improve the control environment, where applicable.
4.13	Do concluding reports on investigations include a specific section on identified policy and system weaknesses that allowed the fraud and corruption to take place?	No reports required to date, but Fraud Response Plan para 6.2 does require this to be included in such a report. HM Treasury annual fraud report monitored by HEFCW to maintain awareness of the analysis of reported fraud in government departments.
4.14	Is there a system for considering and prioritising action to remove these identified weaknesses?	Would be covered by the MIPS process to implement audit recommendations.
4.15	Are there effective whistleblowing arrangements in place?	Yes. See HEFCW's whistleblowing policy.
4.16	Are analytical intelligence techniques used to identify potential fraud and corruption?	Covered by team fraud risk registers which link with Corporate Fraud Risk Register presented annually to Council.
4.17	Are there effective arrangements for collating, sharing and analysing intelligence?	No such arrangements in place. Not considered to be of great benefit to HEFCW, given the nature of our activities.

4.18	Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?	Yes. See para 6.1 of the Fraud Policy Statement and section 2 of the Fraud Response Plan.
4.19	Are arrangements in place to ensure that identified potential cases are promptly and appropriately investigated?	Yes, as set out in the Fraud Response Plan.
4.20	Is the organisation's investigation work effective?	Processes are set out in the Fraud Response Plan, but have yet to be tested in practice.
4.21	Is it carried out in accordance with clear guidance?	As set out in the Fraud Response Plan, supported by CIMA's 'Fraud Risk Management: A Guide to Good Practice' in respect to investigation procedures.
4.22	Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?	Internal officers have the authority to act under the Fraud Response Plan and will liaise with the Police, where necessary.
4.23	Are referrals handled and investigations undertaken in a timely manner?	Processes are set out in the Fraud Response Plan.
4.24	Does the organisation have arrangements in place for assessing the effectiveness of investigations?	The Fraud Response Plan requires investigation reports to be considered by the Audit & Risk Committee and to be submitted to the Welsh Assembly Government.
4.25	Does the organisation have a clear and consistent policy on the application of sanctions where fraud and corruption is proven to be present?	Yes, as set out in section 8 (Disciplinary action) of the Fraud Policy Statement.
4.26	Are all possible sanctions – disciplinary/regulatory, civil and criminal considered?	Yes. See 4.25 above.
4.27	Does the consideration of appropriate sanctions take place at the end of the investigation when all evidence is available?	Yes. See 4.25 above.
4.28	Does the organisation monitor the extent to which the application of sanctions is successful?	N/A. No such investigations have yet been required.
4.29	Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?	Yes. See para 5.1 of the Fraud Response Plan.

4.30	Is the organisation effective in recovering any losses incurred to fraud and corruption?	N/A. No such incidents have yet been identified.
4.31	Does the organisation use the criminal and civil law to the full in recovering losses?	N/A. See 4.30 above.
4.32	Does the organisation monitor proceedings for the recovery of losses?	N/A. See 4.30 above.
4.33	What is the organisation's successful recovery rate?	N/A. See 4.30 above.
5	Defining success	
5.1	Are there clear outcomes described for work to counter fraud and corruption?	To consider for action in 2011-12, once procedures have been in place for at least a year.
5.2	Do the desired outcomes relate to the actual sums lost to fraud and corruption?	N/A. No such sums yet identified.