

ANTI-FRAUD, THEFT AND CORRUPTION POLICY

Introduction

The Council has always set itself high standards of honesty and probity. Although instances of fraud and theft are rare and the Council is not aware of any corruption, this policy is seen as helpful confirmation of the Council's stance on these matters. The Committee on Standards in Public Life have produced a report, which sets out seven principles of public life:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty;
- Leadership.

The Council endorses these principles, which apply to everybody who is involved with the work of this Council, including:

- Councillors
- Employees
- Contractors
- Consultants
- Suppliers
- Service Users

In addition the Council expects the citizens of South Somerset to be honest in their dealings with the Authority.

The Council is against fraud, theft and corruption whether it is attempted on or from within the Council, and is committed to this Anti-fraud, Theft and Corruption Policy which is designed to:

- encourage prevention;
- promote detection; and
- identify a clear approach for investigation.

The Council's Anti-Fraud, Theft and Corruption Policy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

- Culture
- Procedures
- Prevention
- Detection and Investigation
- Deterrence ***and Enforcement***
- Training
- Whistleblowing

There is also a high degree of external scrutiny of Council business by a variety of bodies, including:

- Local Government Ombudsman;
- Audit Commission;
- Central Government Departments and Parliamentary Committees;
- HM Customs and Excise;
- Inland Revenue;
- The Department of Work and Pensions (DWP);
- **The Surveillance Commissioner;**
- **The Information Commissioner.**

Culture

The Council is committed to ensuring that its culture will continue to be one of honesty and opposition to fraud, theft and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council staff and Members, at all levels, will lead by example in these matters.

FRAUD – is deliberate deception, trickery, **omission of information** or cheating intended to gain an advantage.

CORRUPTION – is dishonesty especially bribery so as to influence the actions of others.

The Council has a range of interrelated policies and procedures to provide a framework to counter fraudulent or corrupt activities. These include:

- The Constitution
 - Standards Committee
 - Code of Conduct for Members
 - Code of Practice on Planning
 - Standing Orders
 - Code of Conduct for Staff
 - Code of Conduct for Benefits Staff
 - **Effective** Benefits Investigation Team
 - Financial Procedure Rules
 - **Procurement Strategy**
 - Accounting Procedures and Records
 - Sound Internal Control Systems
 - Corporate Risk Register
 - Effective Internal Audit
 - Recruitment and Selection Procedures
 - Disciplinary Procedures
 - Whistleblowing Policy
 - Training
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Procedures

Council staff are positively encouraged to raise any concerns about fraud, theft and corruption that they may have on these issues where they are associated with the Council's activities. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Any instance must be reported to either the:

- Group Auditor
- Human Resources **and Performance** Manager
- **Head of Legal and Democratic Services**
- **Relevant Head of Service**
- **Relevant Corporate** Director

The Group Auditor and Human Resources **and Performance** Manager must always be informed immediately whatever the circumstances.

For Benefit related fraud, the Senior Investigations Officer must also be informed.

In the first instance members of the public are also encouraged to report concerns to either the relevant **Head of Service**, Group Auditor or **Head of Legal and Democratic Services**.

Senior management are responsible for following up any allegation of fraud or corruption and will do so by immediately informing Internal Audit. In cases of alleged corruption the **Head of Legal and Democratic Services** must always be informed.

The investigating officer, usually an Internal Auditor, will:

- Notify the **Head of Finance**;
- Deal promptly with the matter;
- Record all evidence received;
- Ensure that evidence is sound and adequately supported;
- Ensure security of all evidence collected;
- Contact and liaise with other agencies, e.g. Police;
- Notify the Council's insurers;
- Notify and liaise with the Human Resources **Performance** Manager.

Senior Management are expected to deal swiftly and firmly with those who defraud or steal from the Council or who are corrupt. The Council should be considered as robust in dealing with financial malpractice.

There is, of course, a need to ensure that any investigation process **complies with statutory guidance (i.e. RIPA, PACE) and** is not misused. Therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

Any wrong doing or malpractice outside the scope of this policy should be reported to the **Head of Legal and Democratic Services**.

Prevention

Staff - The Council recognises that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. Temporary and contract staff should be treated in the same manner as permanent staff.

Staff recruitment must be in accordance with approved fair selection policies and, in particular, the Council will obtain written references regarding the honesty and integrity of candidates before employment offers are made. **For some sensitive posts, CRB checks will be carried out to the appropriate level.**

Staff of the Council are expected to follow the Council's Code of Conduct and, where applicable, their Professional Institute's Code of Ethics. The Council's Code of Conduct forms part of the Council's Staff Handbook and is referred to in staff contracts of employment with the Council.

Staff are reminded under the Council's Standing Orders that they must operate within Section 117 of the Local Government Act 1972, regarding pecuniary interests in Contracts relating to the Council, or the non-acceptance of any gifts, hospitality or any other rewards, other than their proper remuneration.

Members - are required to operate within:

- The Constitution – this sets out responsibility for functions and contains:
 - Council Standing Orders;
 - Members Code of Conduct;
 - Code of Practice for Planning;
- Section 106 of the Local Government Finance Act 1992.

These matters are specifically brought to the attention of Members in the Members' Manual and include the declaration and registration with the **Head of Legal and Democratic Services**, potential areas of conflict between Members' Council duties and responsibilities and any other areas of their personal or professional lives.

The Members Code of Conduct was approved by the Council and the Standards Committee. This Committee have responsibility for maintaining high standards of conduct by Members of this Council.

Systems - The Council has Financial Procedure Rules in place that require staff, when dealing with the Council's affairs, to act in accordance with best practice.

The **Head of Finance** has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has developed Financial Codes of Practice and Accounting Instructions which outline the system, procedures and responsibilities of staff throughout the Council.

The **Head of Legal and Democratic Services** has a statutory responsibility under Section 5 of the Local Government Housing Act 1989 in respect of monitoring the conduct of the Council's business.

The Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which

included adequate separation of duties. **Corporate** Directors and **Heads of Service** have to ensure that these controls are properly maintained and documented. Their existence and appropriateness is independently monitored by Internal Audit.

The Council operates **a robust process for verifying Benefit claims that follows the best practice guidance from the DWP to identify 'correctness'**. A Benefits Investigation Team operates independently of the Revenues and Benefits Section to carry out investigations and prosecutions; they also operate a Benefit Fraud Hotline.

In addition to the regular data matching carried out as part of Internal Audits the Council participates in the National Fraud Initiative, facilitated by the Audit Commission and the Housing Benefits Matching Service, facilitated by the DWP.

Working with other Agencies - Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other agencies on national and local fraud, theft and corruption activity in relation to Local Authorities. These include:

Police;
Professional Auditing Bodies (local and national);
Audit Commission;
The Department of Working Pensions (DWP);
HM Revenues and Customs;
National Anti-Fraud Network (NAFN);
Other Local Authorities.

Detection and Investigation

The array of preventative systems, particularly internal control systems within the Council, have been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud. It is often the alertness of staff, Members and the public to indicators of fraud, theft and corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

Despite the best efforts of managers and auditors, many frauds and thefts are discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with.

Staff of the Council are required by its Financial Procedure Rules to report all suspected irregularities to Internal Audit. Reporting is essential and:

- ensures the consistent treatment of information regarding fraud, theft and corruption;
- facilitates proper investigation by an experienced audit team;
- ensures the proper implementation of a fraud response investigation plan.

Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

The Council's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour.

The Council will normally wish the police to be contacted where financial impropriety is discovered. Referral to the police is a matter for the **Head of Finance** and the Council would expect offenders to be prosecuted.

The **Head of Service** and/or **Corporate** Director will be kept informed of the progress of the investigation. Wherever possible the person reporting a concern or incident will be informed of any investigation.

Deterrence

There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts. The Council will:

- publicise the fact that the Council is firmly set against fraud and corruption;
- act decisively and robustly when fraud or corruption is suspected or proven;
- take action to maximise recovery of losses to the Council;
- publicise successful prosecutions and share learning across the Council and with Partners;
- have in place sound systems of internal control that are based on risk assessment and minimise the opportunity for fraud or corruption.

Training

The Council recognises that the effectiveness of its Anti-Fraud theft and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation. To facilitate this, the Council supports induction training for Members and particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

Investigation of fraud, theft and corruption centres on the Council's Benefits Investigation and Internal Audit teams. It is essential therefore, that staff involved in this work should also be properly and regularly trained. The training plans of these staff will reflect this requirement.

Whistleblowing

The Council is aware of the difficulties and conflicts that may arise for staff and Members who suspect a colleague of fraud, theft or corruption. It is nevertheless essential that all instances are reported without delay. It is incumbent on all staff and Members to report instances or suspicions of fraud, theft and corruption.

Wherever possible all instances reported will be treated in the strictest confidence and in extreme cases facilities exist to report anonymously. It is, however, impossible to guarantee anonymity, especially where disciplinary action or prosecution arises.

The Council is sensitive to the potential difficulties staff and Members may face if they report an incident and subsequently have to continue working with the

individual(s) concerned. The Council, therefore, will take every reasonable measure to ensure that no reprisals are taken against whistleblowers.

No one will be penalised for making an allegation that is subsequently proved to be groundless, where the allegation has been made in good faith. The Council will not, however, tolerate individuals making malicious allegations and disciplinary action may be taken against such persons.

The Council has a formally adopted Whistleblowing Policy which in part is included in the staff handbook **and can be found on the Intranet**. Leaflets **have been** periodically issued to staff with payslips **and now forms part of the staff induction process**.

Conclusion

The Council has in place a clear network of systems and procedures to assist it in the fight against fraud, theft and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

To this end, the Council maintains a continuous overview of such arrangements. This policy will be regularly reviewed in line with future changes and developments, but at least every two years.

Original Document: November 1999 (Gerry Cox)

1st Revision: April 2005 (Ian Baker)

2nd Revision October 2007 (Ian Baker, Alison Creagh)

Next Review Date: **October 2009**