

## 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
- **Procurement Procedure Rules**
- Accounting Procedures and Records
- Sound Internal Control Systems
- Corporate Risk Register
- Effective Internal Audit
- Recruitment and Selection Procedures
- Disciplinary Procedures
- **Anti Money Laundering Policy**
- Whistleblowing Policy
- Training

## 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 Manager**
- Head of Legal and Democratic Services

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- Relevant Head of Service
- Relevant Corporate Director

The Group Auditor and **Human Resources 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 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 wrongdoing 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:

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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 **through information from the public** 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.

***The Prosecution Policy for benefits fraud states “All cases of Benefit Fraud will be considered for prosecution, in line with the Code for Crown Prosecutors”***

## **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.

## Whistleblowing

### A Reporting Policy and Procedure

#### 1. PREAMBLE

- 1.1 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may be a suspicion of malpractice.
- 1.2 The Council is committed to the highest possible standards as set out in the Code of Conduct. In line with that commitment, the Council encourages employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "Whistleblowing" and this policy gives detailed advice to complement the Code of Practice. There is also statutory protection from any disclosures made by staff, which, comply with the Public Interest Disclosure Act 1998. The Act came into force on 2nd July 1999.
- 1.3 It is recognised that certain cases will have to proceed on a confidential basis. The Code of Practice set out in this policy makes it clear that staff can make reports without fear of reprisals. This Code is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking problems or raising them outside the Council. The Council would rather the matter be raised when it is just a concern rather than wait for proof. The message the Council wishes to get across to employees is "if in doubt - raise it".
- 1.4 A payment of up to £500, may be approved by a majority decision of the members of the Corporate Governance Group for "blowing the whistle", in recognition of the difficulty faced by the employee in doing so. This payment would be in addition to any other sums paid under this policy.

#### 2. AIMS AND SCOPE OF THIS POLICY

- 2.1 This Reporting Policy aims to:
  - Provide avenues for employees to raise concerns and receive feedback on any action taken
  - Allow employees to take the matter further if they are dissatisfied with the Council's response to the concerns expressed
  - Reassure employees that they will be protected from possible reprisals or victimisation
- 2.2 There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This Policy is intended to cover concerns that fall outside the scope of the grievance procedure. Thus any serious concern that a member of staff has about any aspect of service provision or the conduct of officers or members of the Council or others acting on behalf of the Council can and should be reported under this Policy.



This concern may be about something that is:

- Unlawful
- Against the Council's Standing Orders, Financial Procedure Rules and policies
- Against established standards of practice
- Improper conduct
- Amounts to malpractice
- Posing a danger to the health of individuals
- Likely to cause damage to the environment

### 3. HOW TO RAISE A CONCERN

3.1 Concerns should normally be raised with an appropriate level of line management (i.e. the immediate manager). However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice.

3.2 If an employee prefers (for whatever reason), or it is believed that senior management is involved in the matter of concern, or if they have raised the matter with their manager and still have concerns, an approach may be made to either a Corporate Director, the **HR Manager**, the Monitoring Officer (Head of Legal and Democratic Services), the Group Auditor or the Chief Executive. Irrespective of who is contacted that person must also inform the **HR Manager**, Monitoring Officer and the Group Auditor.

3.3 Concerns may be raised orally or in writing. Employees who wish to make a written report are invited to use the following format;

- The background and history of the concern (giving relevant dates);
- The reason why the employee is particularly concerned about the situation.

**N.B. if an employee has any personal interest in the matter this should be disclosed at the outset.**

3.4 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action; employees should not wait until they have proof.

3.5 Although employees are not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate to the person contacted that there are sufficient grounds for concern.

3.6 Advice and guidance on how specific matters of concern may be pursued can be obtained internally from Human Resources, Legal Services Group or Internal Audit. Alternatively employees may wish to get confidential advice from their trade union or professional association. They can also contact the independent charity Public Concern at Work (020 7404 6609) [www.pcaw.co.uk](http://www.pcaw.co.uk) who have



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lawyers who can give independent advice at any stage about how to raise a concern about serious malpractice at work.

- 3.7 Employees may invite their trade union or professional association to raise a matter on their behalf.

## 4. HOW THE COUNCIL WILL RESPOND

- 4.1 The action taken by the Council will depend on the nature of the concern. Where appropriate, the matters raised may:

- Be investigated by senior management, Internal Audit or through the disciplinary process;
- Be referred to the police;
- Form the subject of an independent inquiry.

- 4.2 In order to protect the individual and the Council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take (see Appendix 1). Concerns or allegations, which, fall within the scope of specific procedures (for example fraud, theft and corruption) will normally be referred for consideration under those procedures.

- 4.3 It should be noted that some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this would be taken before any investigation is completed.

- 4.4 Within ten working days of a concern being raised, the Group Auditor will write to the person raising the concern (i.e. initially the individual or representative with whom the report was lodged as set out in Sections 3.1 and 3.2):

- Acknowledging that the concern has been received;
- Indicating how he/she proposes to deal with the matter; and
- Giving an estimate of how long it will take to provide a final response.

If it is impossible for initial inquiries to be completed within ten working days, the situation will be explained in the letter of acknowledgement. Where a decision is made that no investigation will take place, the reasons for this will be provided.

- 4.5 The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.

- 4.6 Where any meeting is arranged, employees have the right, if they so wish, to be accompanied by a union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

- 4.7 The Council will take appropriate steps to minimise any difficulties, which an employee may experience as a result of raising a concern. For example, if employees are required to give evidence in criminal or disciplinary proceedings,

the Council will need to inform them and consider what steps are required to provide support.

- 4.8 The Council accepts that employees raising a concern need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will receive as much information as possible about the outcomes of any investigation.

## **5. SUPPORT FOR EMPLOYEE**

- 5.1 If an employee has to be relocated as a consequence of assisting the Council in applying this policy then he/she will not suffer financially. His/her salary will be protected and any additional expenses (e.g. travelling) will be paid by the Council. Human Resources will assist the employee to ensure that he/she is given full support in adjusting to changed working circumstances.

## **6. HOW THE MATTER CAN BE TAKEN FURTHER**

- 6.1 This Policy is intended to provide employees with an avenue to raise concerns within the Council. However, if an employee is dissatisfied with the Council's response or in any event, the matter can be raised with the District Auditor, Health and Safety Executive, Environment Agency etc. as appropriate. Employees can also contact these bodies without first exhausting the internal procedures where they have an honest and reasonable suspicion that a malpractice to which this Policy relates has occurred, is occurring or is likely to occur and honestly and reasonably believes that the information and any allegation contained in it are substantially true. However, the Council hopes that this policy and procedures give to employees the reassurance to raise matters internally in the first instance.
- 6.2 In taking a matter of concern outside the Council, employees should ensure that, so far as possible, it is raised without confidential information being divulged.

## **7. SAFEGUARDS**

- 7.1 Harassment or Victimisation  
The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisals from those who may be guilty of malpractice or from the Council as a whole. The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action in order to protect a person who raises a concern in good faith even if they were mistaken. In addition employees have statutory protection against reprisals under the 1998 Act and can refer their case to an Industrial Tribunal.
- 7.2 Confidentiality  
As far as possible, the Council will protect the identity of any employee who raises a concern and does not want his/her name to be disclosed but this confidentiality cannot be guaranteed. It must be appreciated that any investigation process may reveal the source of the information and a statement by the person reporting the concern may be required as part of the evidence. Where an employee has requested that their identity not be revealed, the Council will discuss the matter with them before embarking on any course of action whereby their identity will need to be disclosed.

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## 7.3 Anonymity

Concerns expressed anonymously will be considered at the discretion of the Council although it must be appreciated that it is inherently difficult to investigate concerns expressed this way. It is hoped that the guarantees contained in this policy will provide sufficient reassurance to staff to enable them to raise concerns in person. However in exercising the discretion, the factors to be taken into account would include:

- The likelihood of obtaining the necessary information;
- The seriousness of the issues raised;
- The specific nature of the complaint;
- The duty to the public.

## 7.4 False and Malicious Allegations

The Council will protect itself and its employees from false and malicious expressions of concern by taking disciplinary action where appropriate. In addition, a concern, which, is genuinely believed may prove to be unfounded on investigation. The Council will try to ensure that the negative impact of either a malicious or unfounded allegation about any person is minimised.

## 8. HOW THE POLICY WILL BE MONITORED

- 8.1 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Council's Internal Audit and Human Resources Units will jointly produce an annual report, which identifies any patterns of concern and assesses the effectiveness of the Policy.

## 9. RESPONSIBILITY FOR IMPLEMENTING

- 9.1 The responsibility for ensuring that the Council adheres to this Policy rests with the Corporate Directors.

## 10. REVIEW

This Policy will be regularly reviewed in line with future changes and developments and at least every two years.