



ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

The Council places great emphasis on ensuring all our business is undertaken in a clear and transparent way, and will not tolerate any behaviour which undermines ~~the~~ good governance

The Council abides by the Seven Principles of Public Life as laid down by the Committee on Standards in Public Life, namely:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

Both Members and employees are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable.

All ~~al~~legations of fraud will be assessed and investigated as appropriate, and if proven, the strongest possible sanctions will be sought. This may include disciplinary action, prosecution, civil proceedings, or a combination of all.

Contents

Section		Page
1	Introduction	3
2	What is Fraud?	4
3	What is Corruption?	4
4	What is Theft?	5
5	The Council's Approach	6
6	Anti-Fraud Culture	6
7	Deterrence	6
8	Prevention:	7
	8.1 – Internal Control Systems	7
	8.2 – Employment Recruitment and Conduct	7
	8.3 – Joint working to prevent and detect fraud	8
	8.4 – Audit and Risk Committee	8
9	Detection	8
10	Investigation	8
11	Sanction	8
12	Redress	9
13	Strategy Review	9
App 1	The Corporate Framework	10
App 2	Roles and Responsibilities	11

1. Introduction

This document sets out the Council's strategy in relation to fraud and corruption relating to the Council's business. It has the full support of the Council's Elected Members and the Corporate Management Team.

Suspected fraud relating to ~~Housing Benefit and~~ Council Tax Support, and Council Tax and Business Rates exemptions and discounts are covered by the 'Benefits and Revenues Fraud Policy'. Where such fraud is suspected, information should be passed to the Fraud Investigations Officer Unit within the Audit and Fraud Team either by completing the Fraud Referral form on the website <http://www.west-norfolk.gov.uk/default.aspx?page=21676> or by using the fraud hotline 0800 281 879. All referrals received will be assessed and investigated as appropriate.

Suspected fraud relating to Housing Benefit should be reported to the Department of Work and Pensions (DWP) on 0800 854 440 or by completing the DWP referral form on the website as given above.

However the overall stance remains the same:

The Council is committed to the elimination of fraud, corruption and theft, and to the promotion of high standards of conduct.

To deliver the Council's Corporate Strategy we need to maximise the financial and other resources available to us. In order to do this we must reduce fraud and misappropriation to an absolute minimum. The Council recognises its responsibility to protect public funds and we will therefore endeavour to implement secure systems and high standards of conduct.

We will take the strongest possible action against those who seek to defraud the Council. This includes Members, Officers, contractors, partners and any other external bodies who work on behalf of the Council.

2. What is Fraud?

'The intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of asset or otherwise for gain.' (CIPFA)

The Fraud Act 2006 created a general offence of fraud and introduced three possible ways of committing it:

1. **Fraud by false representation.**

A person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for themselves or another, or to cause or expose the risk of loss to another. For example, claiming expenses that have not been incurred in accordance with the Council's policies.

2. **Failing to disclose information.**

A person is in breach of this section if they dishonestly fail to disclose information which they are under a duty to disclose and intends to make a gain personally or for someone else or to cause or expose the risk of loss to another. For example, failing to disclose a personal interest when awarding contracts.

3. **Abuse of position.**

A person is in breach of this section if they occupy a position in which they are expected to safeguard, or not act against, the financial interests of another person, [and](#) dishonestly abuses that position with the intention of making a gain for themselves or another, or to cause or expose the risk of loss to another. For example, allowing family or friends to use Council assets free of charge.

In each case the deception does not have to be successful. It is sufficient that the person knowingly and dishonestly attempted the deception.

A person found guilty of fraud may be liable to imprisonment of up to 10 years or a fine up to £5,000, or both.

3. What is Corruption?

'Corruption is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the Council, its Members or employees.' (CIPFA)

The Bribery Act 2010 introduced four offences:

1. **The offence of bribing another person.**

This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.

2. **The offence of being bribed.**

This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.

3. **Bribery of a foreign public official.**

This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.

4. **A corporate offence of failure to prevent bribery.** A commercial organisation could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

A person found guilty under 1-3 may be liable to imprisonment of up to 10 years or unlimited fines, or both.

4. What is Theft?

A person is guilty of theft under the Theft Act 1968 if:

1. They dishonestly appropriate property belonging to another with the intent of permanently depriving the other of it. This applies to theft of personal property on Council premises as well as theft of Council assets.
or
2. They dishonestly retain a wrongful credit. For example they do not report and repay an overpayment of salary or expenses.

For the purpose of this document, the use of the word 'fraud' will be deemed to include 'corruption', 'bribery' and 'theft'.

5. The Council's Approach

The corporate framework (**Appendix 1**), which underpins the operation of the Council, has a number of facets that exist to protect the Council against fraud and corruption. The Anti-Fraud and Anti-Corruption Strategy underpins this framework.

This strategy defines the approach to managing the risk of fraud across the organisation and ensures best practice is embedded across all services, projects and partnerships. The Council will fulfil its responsibility to reduce fraud and protect its resources by focussing on the following areas:

1. Anti-fraud culture
2. Deterrence
3. Prevention
4. Detection
5. Investigation
6. Sanction
7. Redress

Each of these themes will be discussed below to demonstrate how they contribute to the strategy and how they work in practice.

6. Anti-fraud Culture

The Council must have a strong and recognised anti-fraud culture, where the leadership, both elected and employed, uphold the highest standards of conduct. Both Members and employees are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. As such Members are bound by the Members' Code of Conduct and employees are directed by the '[Official Officer Code of Conduct](#)' contained in the Employee Handbook. In addition to this there is a special onus upon the Corporate Management Team and Cabinet to lead by example.

Roles and responsibilities in respect of fraud prevention and detection are shown in **Appendix 2**.

This Strategy will be available to all Members, employees, contractors and partners and will be supported by other relevant policies and guidance such as the Disciplinary Procedure and the Whistleblowing Policy.

7. Deterrence

The Council will seek the most appropriate sanction and redress against all those who commit fraud against the Council. Where appropriate we will publicise details of criminal convictions and provide statistical information in relation to disciplinary action to deter others who may consider committing such offences themselves.

All managers have a responsibility for ensuring that control measures are in place to minimise the risk of fraud and ensure all staff are aware of these procedures. Where effective controls are in place there is less opportunity to commit fraud, which in turn ~~may~~ acts as a deterrent.

8. Prevention

There are a number of key processes that can assist in the prevention of fraud, including:

1. Internal Control Systems
2. Employee recruitment and conduct
3. Joint working to prevent and combat fraud
4. The work of the Audit ~~and Risk~~ Committee

8.1 Internal Control Systems

Internal controls are in place to prevent fraud. It is the responsibility of all managers to establish and maintain systems of internal control and to assure themselves that those controls are properly applied as intended. This includes responsibility for the prevention and detection of fraud.

The Council implements strong systems of verification of all claims for all types of financial assistance. All data available will be used to corroborate information given by applicants for the purpose of prevention and detection of fraud. Grants and assistance given to external organisations will be monitored to ensure applications are genuine.

The Council also expects partners and contractors to have adequate controls and Whistleblowing procedures in place to minimise fraud and this will be written in to all contract terms and agreements.

The Audit and Fraud Team will ensure that an adequate and effective internal audit is undertaken of the Council's systems and processes, and will investigate allegations of fraud and corruption. Any system weaknesses that are identified as part of these investigations will be reported to the relevant manager and action plan agreed to remedy the issue. The Audit ~~and Risk~~ Committee will receive regular reports from the Audit Manager on the results of internal audits and any investigations, including follow-up on the implementation of agreed actions.

8.2 Employment recruitment and conduct

Recruitment procedures require that all applicants will provide evidence of any qualifications claimed and all references will be taken up. The right to work in this country will also need to be demonstrated where necessary.

All employees must abide by the Council's rules as contained in relevant policies and procedures. This expectation forms part of the employee's contract of employment. Employees are also expected to follow any additional Codes of Conduct of a professional body to which they are registered.

8.3 Joint working to prevent and detect fraud

The Council participates in data-matching exercise such as the National Fraud Initiative (NFI) and makes full use of its statutory powers to obtain information using bodies such as the National Anti-Fraud Network (NAFN) to identify possible instances of fraud.

8.4 Audit ~~and Risk~~ Committee

The Terms of Reference for the Audit ~~and Risk~~ Committee require it to '*consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements*'. As such the Committee receives regular reports from the Audit Manager ~~and the Investigations Manager~~ on work carried out, and considers the adequacy of the Council's policies relating to the prevention and detection ~~and of~~ fraud and corruption.

9. Detection

Whilst it is possible to reduce the potential for fraud within the Council, it is important to acknowledge that it is not possible to eradicate it. Therefore it is essential ~~that~~ Members and employees are aware of what to do should they detect or genuinely suspect a fraud has or is taking place. **The Fraud Response Plan provides guidance on what to do and who to report the matter to.**

Alternatively the **Whistleblowing Policy** enables employees to report cases of fraud and receive protection afforded by the Public Interest Disclosure Act 1998.

10. Investigation

All ~~allegations~~ of fraud will be assessed by the Audit Manager ~~and Investigations Manager together~~ with the relevant Executive Director, ~~Chief Financial Officer as Assistant Director (s151 Officer)~~ and Executive Director, Central ~~and Community~~ Services. The appropriate course of action will be agreed and if necessary an investigations team will be created depending on the circumstances in which the fraud has taken place. This may include staff from technical areas to provide specific insight into any relevant issues.

Allegations of fraud against Members which results in a complaint of misconduct under the Members' Code of Conduct will be dealt with in accordance with the Standards Committee's Local Assessment arrangements, established under the Standards Committee (England) Regulations 2008.

11. Sanction

The strongest available sanctions will be pursued against all who commit fraud against the Council. This may include disciplinary action, prosecution, civil proceedings or a combination

of all. The decision to recommend any or all of these sanctions will be made on a case by case basis, having regard to the nature and extent of the fraud and evidence available.

At the conclusion of the investigation a report will be written, concluding on whether there is a case to answer. The final decision on the course of action to be taken will be made by the Executive Director concerned. Any decision to refer the matter to the police will be taken jointly by the ~~Chief Financial Officer~~ asas Assistant Director (s151 Officer), Executive Director Central and Community Services and the relevant Executive Director of the service affected.

12. Redress

In cases of proven fraud, the Council will seek to recover any monies and will use all means available to recover these amounts. This can include freezing assets, Compensation Orders, Confiscation Orders, Civil Litigation and general debt recovery according to the circumstances of the fraud.

Where a criminal conviction has been secured, the Council will seek a Compensation Order through the Courts and also consider using the Proceeds of Crime Act 2002 to recover losses.

13. Strategy Review

This strategy will be formally reviewed every 3 years to ensure it remains relevant and fit-for-purpose. However if there are any relevant changes in legislation or circumstances in between formal reviews, the strategy will be amended as necessary to reflect these. Where these changes are administrative in nature, and do not substantially change the nature of the strategy, the ~~Chief Financial Officer~~ asas Assistant Director (s151 Officer) will approve them and inform the Audit ~~and Risk~~ Committee. Substantial changes which change the nature of the strategy will be reported to Cabinet.

Next formal review date – ~~February 2017~~ XXXXXX.

APPENDIX 1 – THE CORPORATE FRAMEWORK

- The Constitution (including Financial Regulations, Contract Standing Orders and the Scheme of Delegation)
- An established Audit ~~and Risk~~ Committee
- An established Standards Committee and an adopted Code of Conduct for Members.
- Members formally signing a declaration accepting the terms of the Code of Conduct
- Employee rules of conduct contained within the relevant policies and procedures, including '~~Official~~Officer Code of Conduct' in the Employee Handbook.
- Employees' Conditions of Service
- An Officer appointed under Section 151 of the Local Government Act 1972, with statutory responsibility for the oversight of all financial affairs
- An Officer, appointed as Monitoring Officer under Section 5 of the Local Government and Housing Act 1989, with statutory responsibility for monitoring the legality of the Council's affairs
- Register of Interests, and Gifts and Hospitality procedures for Members and employees
- Effective employee vetting procedures (recruitment and Disclosure and Barring Service (DBS) checks where appropriate)
- A Corporate Induction programme for all employees which includes expected standards of probity
- Effective disciplinary procedures
- An Internal Audit function with responsibility for assessing and testing the Council's control environment, including a Fraud Investigations Officer
- A Whistle-blowing policy
- An Anti-Fraud and Anti-Corruption Strategy
- A Fraud Response Plan
- A Complaints Procedure available to the public
- Public inspection of accounts and questions to the External Auditor
- An External Audit function
- ~~A dedicated Investigations Service~~
- Participation in national anti-fraud initiatives
- The promotion of awareness of anti-fraud measures, reinforced by publicity
- Proactive ICT security measures.

APPENDIX 2 – ROLES AND RESPONSIBILITIES

The table below lists specific roles and responsibilities in respect of the prevention and detection of fraud.

However it must be emphasised that all Members and employees have a role to play in preventing and detecting fraud. The Fraud Response Plan provides guidance on what to do if evidence of a fraud is found or if a fraud is suspected.

Role	Responsibility
All Councillors	<ul style="list-style-type: none"> • Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach. • Demonstrate a commitment to this Strategy and ensure it has the appropriate profile within the Council. • Facilitate an Anti-Fraud and Anti-Corruption culture.
All Employees	<ul style="list-style-type: none"> • Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach. • Understand and comply with the Council's Anti-Fraud and Anti-Corruption Strategy. • Understand their responsibility to report suspected fraud or corruption and how to do it. • Understand the need to declare any interests that may conflict with their work for the Council.
Cabinet	<ul style="list-style-type: none"> • To approve the Anti-Fraud and Anti-Corruption Strategy • Ensure the Strategy is effectively implemented across the Council.
Audit and Risk Committee	<ul style="list-style-type: none"> • To monitor and review the effectiveness of the Council's risk management arrangements, internal controls and related counter fraud arrangements.
Chief Executive	<ul style="list-style-type: none"> • Ensure that there is strong political and executive support for work to counter fraud and corruption. • Ensure consistency across Directorates in the implementation of this Strategy.
Deputy Chief Executive	<ul style="list-style-type: none"> • Executive Director with specific responsibility for the investigation and detection of fraud. • To ensure the Anti-Fraud and Anti-Corruption Strategy is reviewed and maintained at appropriate intervals.
Monitoring Officer	<ul style="list-style-type: none"> • To report on matters she believes are, or are likely to be, illegal or amount to maladministration. • To be responsible for matters relating to the conduct of Councillors and employees. • To be responsible for the operation of the Council's Constitution.
Assistant Director (Section 151 Officer) (currently the Chief Financial Officer)	<ul style="list-style-type: none"> • Executive Director with specific responsibility for the investigation and detection of fraud. • To ensure the Anti-Fraud and Anti-Corruption Strategy is reviewed and maintained at appropriate intervals. • Ensure that those working to counter fraud and corruption are undertaking the work in accordance with a clear ethical framework and standards of personal conduct. • Ensure that those working to counter fraud and corruption are professionally trained and accredited for their role and attend regular refresher courses to ensure they are up to date with new developments and legislation. • Ensure that there is a level of financial investment in counter

APPENDIX 2 – ROLES AND RESPONSIBILITIES

	<p>fraud and corruption work that is proportionate to the risk identified.</p> <ul style="list-style-type: none"> • Ensure that reports on investigations include a section on identified internal control weaknesses that enabled the fraud to take place and action to be taken to correct the weakness where appropriate.
Executive Director, Central and Community Services	<ul style="list-style-type: none"> • Ensure there are effective recruitment procedures in place, implemented by appropriately trained officers. • Ensure employment policies support the Anti-Fraud and Anti-Corruption Strategy. • Ensure effective and appropriate sanctions are applied in all relevant cases.
Executive Directors	<ul style="list-style-type: none"> • Ensure the risks of fraud and corruption are identified and procedures implemented to reduce the risk to an acceptable level. • Ensure the Anti-Fraud and Anti-Corruption Strategy is implemented within their Directorate. • Ensure the risk of fraud and corruption is considered in all new processes and appropriate procedures implemented. • Determine the appropriateness of gifts and hospitality offered to employees within their Directorate.
Managers	<ul style="list-style-type: none"> • Ensure all their employees are aware of their responsibilities under the Anti-Fraud and Anti-Corruption Strategy. • Ensure all their employees are aware of all relevant policies and procedures relating to official conduct of Council business. • Ensure all their employees are aware of, and understand, the Whistleblowing Policy and arrangements, and the process for reporting fraud. • Ensure accurate and timely reporting of gifts and hospitality.
Audit and Fraud Team	<ul style="list-style-type: none"> • Support Executive Directors and Managers in identifying and mitigating risks for fraud and corruption. • Undertake a planned programme of internal audits to examine the system of internal controls and agree actions to correct any identified weaknesses. • Undertake data matching exercises with national bodies and investigate results for potential frauds. • Provide specialist skills in investigating allegations of fraud, especially where it may result in a prosecution.
Democratic Services Manager	<ul style="list-style-type: none"> • Ensure Members are aware of their obligations in respect of the Anti-Fraud and Anti-Corruption Strategy. • Ensure members are aware of, and abide by, their obligations in relation to probity. • Maintain a Register of Interests and a Register of Gifts and Hospitality for Members and employees.