

## ANTI-FRAUD AND CORRUPTION - POLICY STATEMENT

### KEY AIM

Rochford District Council will proactively seek to deter, prevent and detect any instances of fraud and corruption.

### INTRODUCTION

The Council is resolved to counter fraud and corruption, whether it is attempted on the Council from the outside or inside, and is committed to an effective Anti-Fraud and Corruption Strategy which:

- deters and discourages;
- facilitates prevention;
- aids detection; and
- determines a clear process for investigation.

The strategy is based on a series of inter-related procedures designed to thwart any attempt at fraud or corruption. The procedures are:

- prevention;
- detection and investigation;
- training.

Rochford District Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

The Council expects the highest standards of probity and integrity from Members, staff at all levels and from individuals and organisations that it comes into contact with. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will lead by example in these matters.

In order to achieve its key aims, the Council will act in partnership with relevant agencies such as the Police, District Audit and the Audit Commission.

The Council supports the Nolan Committee's Seven Principles of Public Life and expects Members and employees to apply them at all times. The principles are:

- **SELFLESSNESS** - Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

- **INTEGRITY** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **OBJECTIVITY** - In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **ACCOUNTABILITY** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **OPENNESS** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **HONESTY** - Holders of public office have a duty to declare any private interests relating to their public duties and to take any steps to resolve any conflicts (actual or potential) arising in a way that protects the public interest.
- **LEADERSHIP** - Holders of public office should promote and support these principles by leadership and example.

The Council's affairs and the actions and omissions of Members and employees are regularly open to scrutiny by a variety of bodies (these are listed in Appendix A). The Council expects Members and all employees to lead by example in ensuring adherence to legal requirements, rules, procedures, practices and policies, and to abide by the Seven Principles of Public Life as outlined above.

To this end, the Council has produced a Member/Officer Code of Conduct and a Member/Officer Code of Conduct specifically for planning, documented within the Council's Constitution, Part 5.

**The Council's affairs are open to scrutiny by a variety of bodies**

- District Auditor (External Auditor)
- Audit Commission
- The Public - Complaints Procedure
- The Public/Council Taxpayers - Annual Inspection of Accounts
- The Business Community - Annual Business Consultation
- H.M. Customs and Excise
- Inland Revenue
- Department of Social Security
- Benefit Fraud Inspectorate (BFI)
- Local Government Ombudsman
- Contributions Agency

In addition, there is internal scrutiny applied by the Council, through Internal Audit services, under the Accounts and Audit Regulations 1996.

## **ANTI-FRAUD AND CORRUPTION STRATEGY**

The Council's anti-fraud and corruption policy states its resolve to counter fraud and corruption, and commitment to an effective Anti-Fraud and Corruption Strategy which:

- facilitates prevention;
- aids detection; and
- determines a clear process for investigation.

This strategy is based on a series of inter-related procedures designed to thwart any attempt at fraud or corruption. The procedures are:

- prevention (Section 1);
- detection and investigation (Section 2);
- training (Section 3).

Fraud and corruption can be perpetrated internally within the Council, by Councillors or staff, or externally by, for example, contractors, benefit claimants, renovation grant recipients, and many others. Wherever and however it originates, the Council will take a robust stance against fraud and corruption. For simplicity, Directors refer to the Chief Executive, Corporate Director (Finance & External Services), Corporate Director (Law, Planning & Administration) and all Heads of Service.

### **1. PREVENTION**

#### **EMPLOYEES**

- 1.1 The Council recognises that a key preventative measure against fraud and corruption is to take effective steps when recruiting employees to establish as far as possible their previous record in terms of their propriety, integrity and honesty. In this regard, temporary and contract staff should be treated in the same manner as permanent staff.
- 1.2 Employees are required to follow the Employee Code of Conduct and are subject to the Council's Disciplinary Procedure, (documented within the Staff Handbook). Employees must disclose any pecuniary interests in contracts relating to the Council and they must not accept any fees or rewards in respect of their employment by the Council other than their proper remuneration. Employees must also register certain interests such as secondary employment and the receipt of gifts and hospitality where permitted by the Employee Code of Conduct (documented within the Staff Handbook).

#### **MEMBERS**

1.3 Members are required to operate within the ethical framework of:

- The Local Government Act 2000
- The Local Authorities (Model Code of Conduct) (England) Order 2001
- The Council's Constitution and in particular the Rules of Procedure (Part 4) and Codes and Protocols (Part 5)

1.4 Members must agree to be bound by the Code of Conduct and complete a Declaration of Interests submitted to the Monitoring Officer within 28 days of taking office. These matters are brought to the attention of members on election when they are provided with a copy of the Constitution and again within the Council's induction process.

#### INTERNAL CONTROL SYSTEMS

1.5 The Council has Standing Orders (including Standing Orders for Contracts) and Financial Regulations to ensure that employees dealing with the Council's affairs act in accordance with best practice.

1.6 The Corporate Director (Finance & External Services) has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the administration of the Council's financial affairs.

1.7 The Council has developed and is committed to continuing with systems and procedures, which incorporate efficient and effective internal controls. These include separation of duties, checking and authorisation requirements to ensure that errors and impropriety are prevented. Financial Regulations require Directors to ensure that systems and controls, including those in a computerised environment, are properly maintained and complied with. The Council's internal audit service independently monitors effectiveness and compliance.

1.8 An annual statement is produced declaring the level of assurance given to the Systems of Internal Control and highlighting those areas that are recognised as having weaknesses. Internal Audit will follow-up on these.

#### COMBINING WITH OTHERS

1.9 It is essential to maintain vigilance in the light of the developing variety of frauds now being perpetrated. Some large frauds have involved fraudsters with multiple identities and addresses. The necessity to liaise between organisations has become important and arrangements are in place, and continue to develop, to encourage the exchange of information between the Council and other agencies, including:

- Other Local Authorities;

- Government Departments;
- Police Forces;
- The Audit Commission;
- National Anti-Fraud Network;
- Essex Audit Group;
- Essex Investigation Group.

## 2. DETECTION AND INVESTIGATION

- 2.1 The preventative systems, particularly internal control systems within the Council, have been designed to provide indications of any fraudulent activity, although they should generally be sufficient to deter potential fraudsters. The Confidential Reporting Policy clearly states the mechanism for reporting fraud and corruption. (Whistle Blowing Policy.)
- 2.2 It is the responsibility of Directors, Managers and all other employees to prevent and detect fraud and corruption. It is often the alertness of employees or members of the public to indications of fraud or corruption that enable detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed, or is in progress.
- 2.3 The Council's employees are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have with their line manager. Employees can do this with the knowledge that their concerns will be treated in confidence and properly investigated. If a line manager is believed to be implicated, an alternative route must be available to raise concerns.
- 2.4 Examples of possible routes are via:
- Chief Executive;
  - Monitoring Officer (Corporate Director (Law, Planning & Administration));
  - Corporate Director (Finance & External Services);
  - Personnel Manager;
  - Heads of Service;
  - Audit & Process Review Manager.
- 2.5 If staff still feel unable to raise their concerns through the internal routes, they can raise them through "Public Concern at Work" which is a registered charity whose services are free and strictly confidential. Their telephone number is 020 7404 6609, [www.pcaw.co.uk](http://www.pcaw.co.uk).
- 2.6 Directors and any other nominated person within the Whistle Blowing Policy are responsible for following up any allegations of fraud and corruption received, and

are required to report them for investigation in accordance with the Council's Financial Regulations and Whistle Blowing Policy.

2.7 Where fraud or corruption is suspected or reported, managers must follow the procedures detailed with the Whistle Blowing Policy. In summary, they must:

- Acknowledge that the concern has been received;
- Indicate how the matter will be dealt with;
- Give an estimate of how long it will take to provide a final response;
- Undertake initial enquires to determine the need for further investigation;
- Record all evidence and ensure it is held securely;
- Inform any person reporting fraud and corruption of the support mechanisms in place;
- Notify the Chief Executive and Corporate Director (Finance & External Services) immediately.

2.8 There is a need to ensure that the investigation process is not misused. Therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

2.9 Some frauds are discovered by chance or a "tip off" and the Council has arrangements in place to enable such information to be properly dealt with, including the Whistle Blowing Policy and the Council's benefit fraud hotline.

2.10 Directors are required by Financial Regulations to report all suspected frauds and irregularities. Correct reporting is essential to the Council's anti-fraud strategy to ensure:

- Consistent treatment of fraud and corruption;
- Proper investigation by an independent unit (Internal Audit);
- The prompt implementation of investigations;
- The optimum protection of the Council's interests.

2.11 Depending on the nature and extent of the allegations, the internal audit service will work with management and other agencies to ensure that all allegations are properly, fairly and thoroughly investigated and reported upon and, where appropriate, maximum recoveries are made for the Council.

2.12 Suspected benefit fraud by claimants is investigated by the Council's Revenue Investigation section. The results of this work is reported, in summary form, through the Quarterly Performance Reports.

2.13 Disciplinary procedures will be used where the outcome of an investigation indicates misconduct.

- 2.14 Where fraud or corruption is discovered the Council's presumption is that the Police will be called in. The Crown Prosecution Service determines whether a prosecution will be pursued. Referral to the Police is a matter for the Chief Executive and/or Corporate Director (Finance & External Services). Referral to the Police will not prohibit action under the disciplinary procedures.
- 2.15 Where benefit fraud or corruption is discovered, the action taken will be in accordance with a Prosecution Policy.
- 2.16 The External Auditor also has powers to independently investigate fraud and corruption.

### 3. TRAINING

- 3.1 The Council recognises that the continuing success of its anti-fraud and corruption strategy, and also its general credibility, will depend largely on the effectiveness of its training programmes and the response of employees throughout the Authority.
- 3.2 To facilitate this the Council supports the concepts of induction training, appraisal and development for all employees.
- 3.3 The investigation of fraud and corruption requires staff who are properly and regularly trained to undertake investigations. The training of internal Audit staff will reflect this requirement.
- 3.4 Revenue Investigations staff are trained on the provisions of the Police and Criminal Evidence Act.

### 4. CONCLUSIONS

- 4.1 The Council has in place a well developed network of systems and procedures to assist in the prevention and detection of fraud 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 the Council.
- 4.2 To this end, the Council maintains a continuous review of such arrangements through its Directors, Standing Orders and Financial Regulations, Code of Conduct and audit arrangements. All directors are required to keep their directorate procedures under continuous review and to report to the Corporate Director (Finance & External Services) where new risks are identified or changes in procedures are required. Procedures for the prevention, detection and investigation of benefit fraud are kept under constant review.
- 4.3 As part of their activities, Internal Audit will monitor the operation of this Policy Statement as an integral part of the programmed audit work, reporting to the



Finance & Procedures, Overview and Scrutiny Committee as a part of the annual report on the internal audit service.

- 4.4 This policy statement will be subject to regular review to ensure its continued relevance.