



Title:	Constitution of the Council (Part 4B: Anti-Fraud and Corruption Strategy)
Owner:	Sal Khan
Date of version:	20th June 2016
Version:	2.4
Review due:	May 2017
Approved by Head of Service:	Sal Khan
Date of Equality Impact Assessment:	29th October 2013

Date sent to officer responsible for website:	[] June 2016
Date sent to officer responsible for Learning and Development:	[] June 2016
Date sent to officer responsible for CMIS:	[] June 2016

Adopted by Full Council on 20th June 2016

ANTI-FRAUD AND CORRUPTION STRATEGY

1 INTRODUCTION

- 1.1 East Staffordshire Borough Council aims to provide quality and best value in its functions and services.
- 1.2 Fraud and corruption can undermine the aims of the Council and damage its reputation. In carrying out its functions and services the Council is committed to the prevention, deterrence, detection and investigation of fraud and corruption.
- 1.3 This Anti-Fraud and Corruption Strategy sets out the arrangements in place within the Council to help to achieve this as follows:
- Culture – Section 2
 - Prevention – Section 3
 - Detection and Investigation – Section 4
 - Training – Section 5
- 1.4 The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the External Auditors, Local Government Ombudsman, HM Customs & Excise and Inland Revenue.
- 1.5 Fraud and corruption have been defined by the Audit Commission as:
- Fraud – “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.
 - Corruption – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

2 CULTURE

- 2.1 The Council is determined that the culture of the organisation is one of honesty, integrity and opposition to all forms of fraud and corruption.

- 2.2 It is expected that all individuals and organisations associated with the Council will act in accordance with this culture. Councillors and employees of the Council have an important role in acting, and being seen to act, in accordance with this culture and are positively encouraged to raise any concerns that they may have regarding fraud and corruption, in accordance with the Council's Whistle-blowing Policy and Procedure. Such concerns will be treated in confidence wherever possible and properly investigated.
- 2.3 Concern or suspicion of fraud or corruption should be raised with your line manager, if you are an employee. If this is not appropriate, or if you feel that your line manager is not taking your concern seriously, raise it with your Head of Service or Chief Finance Officer. If you do not feel able to talk to anyone within the Council you can contact the External Auditor (details available on our website). Councillors, the general public and Council suppliers/contractors are also encouraged to report any concerns through the above routes. Concerns in relation to Housing or Council Tax Benefit fraud should be raised with the Shared Service Centre Manager (Revenues, Benefits & Customer Contacts), the Benefit Investigation Officer or on the Council's benefit fraud hotline 01283 508247.
- 2.4 The Council will deal firmly with those who defraud the Council or who are corrupt, whether they are Councillors, employees, suppliers/contractors or members of the public; conversely a robust approach will be taken where an allegation is found to have been made maliciously.

3 PREVENTION

EMPLOYEES

- 3.1 The Council recognises that a key measure in preventing fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.
- 3.2 The Council has a formal policy on recruitment, which sets out the procedures to be followed including the obtaining of written references and verifying qualifications held.

3.3 All employees are required to comply with the relevant requirements of the following documents:

- Code of Conduct
- Financial Regulations
- Standing Orders and Contract Rules
- Other Council procedures as appropriate, e.g. purchasing code of practice and invoice processing guide, guidance on receipt of income, etc.
- Any relevant professional Codes of Ethics or obligations.

Relevant documents are provided to all new employees and are available on the intranet.

3.4 The Council also has in place a disciplinary procedure for dealing with allegations of fraud and corruption.

3.5 The role that employees are expected to play in the Council's framework of internal control will feature in induction procedures, procedure manuals, job descriptions, etc.

3.6 Managers will ensure that appropriate internal controls are effectively maintained and will be aware of any indicators of potential weakness (e.g. vacancy levels, sickness absence and annual leave patterns).

COUNCILLORS

3.7 Councillors are required to comply with:

- Their Code of Conduct
- Sections 94-96 of the Local Government Act 1972
- Contract Procedure Rules and Financial Regulations

3.8 These matters are brought to the attention of Councillors at their induction and include the declaration and registration of any potential areas of conflict between elected Councillors' Council duties and responsibilities, and any other areas of their personal or professional lives. Disciplinary arrangements for Councillors, involving the Standards Committee set up for this purpose, are in place.

SYSTEMS

- 3.9 The Council has put in place Contract Procedure Rules, Financial Regulations and other detailed instructions and guidance that require employees and Councillors to act in accordance with good practice.
- 3.10 The Chief Finance Officer has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure proper administration of the Council's financial affairs. As part of this duty he will exercise quality control over the Council's financial systems and provide advice and guidance to employees on complying with good financial practice.
- 3.11 All of the Council's systems will include efficient and effective internal controls, which will include, as far as practical, adequate separation of duties. For instance the certification of an order for goods or services, the certification of receipt of those goods or services and the certification of the invoice for those goods or services, should not all be carried out by the same employee. This helps to prevent the purchasing of items with Council funds for personal use or the concealment of theft of items.
- 3.12 All Managers within the Council must ensure that their Services operate such efficient and effective controls within their systems, including systems that are computerised. The adequacy, appropriateness and effectiveness of internal controls are independently evaluated by Internal Audit in accordance with an audit plan agreed with Heads of Service and the Chief Finance Officer. Any weaknesses identified are reported to management with recommendations for corrective action. The Chief Finance Officer may use his statutory power to enforce appropriate corrective action if necessary.

CO-OPERATION WITH OTHERS

- 3.13 Arrangements are in place and continue to develop to encourage the exchange of information on national and local fraud and corruption activity relating to local authorities, with external agencies such as the Police, External Auditors and with other agencies such as the Benefits Agency and Employment Service in relation to benefits.

4 DETECTION AND INVESTIGATION

4.1 The range of internal controls within the Council's systems are designed to prevent and deter fraud and corruption, however they may also be detected through such means or through the vigilance of Council employees, Councillors and members of the public, or even by chance or by a 'tip-off'.

4.2 Any fraud or corruption discovered by whatever means should be reported as discussed earlier. Relevant officers receiving such reports should immediately notify the Chief Finance Officer. This will ensure:

- The consistent treatment of information regarding fraud and corruption;
- Investigation by an experienced and trained audit team in consultation with Heads of Service as appropriate and in conjunction with the Police as required;
- Compliance with a formal fraud and corruption response investigation plan.

Individual suspected benefit frauds do not need to be notified by the Shared Service Centre Manager (Revenues, Benefits & Customer Contacts) or Benefit Investigation Officer to the officers mentioned above unless they relate to suspicions against a Councillor or employee. In such cases the Chief Finance Officer should be informed and consulted throughout the investigation.

4.3 The Chief Finance Officer will inform the Chief Executive and the Chief Internal Auditor (via C W Audit) of all suspected irregularities.

4.4 If as a result of an Audit investigation evidence is found which indicates that a criminal offence has been committed then the matter should be referred to the Police. The decision to formally refer matters to the Police will be taken by the Chief Finance Officer following consultation and agreement by either the Chief Executive or the appropriate Head of Service. This agreement must be evidenced on a report summarising the position and requesting a decision to refer.

4.5 Housing and Council Tax Benefit fraud cases will be investigated in accordance with specific procedures and referred for prosecution or administrative penalty in accordance with criteria laid down in the prosecution policy.

4.6 In all cases where investigation finds sufficient evidence of impropriety by officers or Councillors, disciplinary procedures will be invoked.

- 4.7 Relevant managers, advised by the Internal Audit function, will take steps to ensure that any fraud or corruption which occurs will not recur, by introducing any further controls required or strengthening existing controls as necessary.
- 4.8 Officers are encouraged to participate in local and national professional groups to exchange information and ideas, some of which will have fraud and corruption implications. Where facilities such as data matching can be carried out (e.g. in relation to benefits) to help to detect fraud, this is also encouraged.
- 4.9 The Council's external auditors will examine the arrangements in place for preventing, detecting and investigating fraud and corruption, and will report accordingly.

5 TRAINING

- 5.1 The Council recognises that the success of this strategy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of employees throughout the organisation.
- 5.2 To help to achieve this, it is important that managers ensure that induction training and employee development training is adequate to inform employees of their responsibilities in relation to internal control. In general this will be satisfied by ensuring that employees consult and understand this strategy, procedure notes relevant to their work and other guidance supplied such as that set out at paragraph 3.3 above. Where Internal Audit identifies as part of its review process that further training needs exist in this area, it will be an Audit recommendation that such training is provided. Specialist training will also be supplied for Internal Audit and benefit investigation officers to enable them to meet their responsibilities.

6 CONCLUSION

- 6.1 The Council has in place a range of systems and procedures to help it to prevent and deal with fraud and corruption. It is determined that these arrangements will be updated to keep pace with developments in preventative and detective techniques regarding fraudulent or corrupt activity.

- 6.2 The Council will maintain a continuous review of all such systems and procedures through its Internal Audit Section in accordance with statutory requirements.

This strategy will be reviewed annually, or earlier if any new national guidelines are issued.