

# Anti-fraud and Corruption Policy and Strategy



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## Section One – Policy and Strategy Overview

### 1 Policy Statement

- 1.1 Rochford District Council is committed to being open and accountable and as such is determined to counter fraud, bribery and corruption, whether it is attempted against the Council from external sources or internally.
- 1.2 The Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud, bribery and corruption.
- 1.3 The Council expects the highest standards of probity and integrity from Members, officers at all levels and from any organisations and individuals associated in any way with the Council.
- 1.4 It is the responsibility of all officers to be alert to the possibility of fraud, bribery or corruption in order to prevent such activity and to raise concerns promptly if it is believed that such activity is occurring.
- 1.5 If fraud, bribery or corruption is discovered there is a presumption that the matter will be passed to the Police.

### 2 Policy Principles

- 2.1 Members are expected to comply with the principles contained in Section 28(1) of the Localism Act 2011. These principles should apply equally to all officers.
  - **Selflessness**  
To serve only the public interest and never improperly confer an advantage or disadvantage on any person.
  - **Integrity**  
Not to place themselves in situations where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
  - **Objectivity**  
Make decisions on merit, including when making appointments, awarding contracts or recommending individuals for rewards or benefits.
  - **Accountability**  
To be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their Office.
  - **Openness**  
To be as open as possible about their actions and those of the Council and should be prepared to give reasons for those actions.

- **Honesty**  
Not to place themselves in situations where their honesty may be questioned, should not behave improperly and should, on all occasions, avoid the appearance of such behaviour.
- **Leadership**  
Should promote and support these principles by leadership and by example and should always act in a way that secures or preserves public confidence.

- 2.2 Council officers are an important element in the fight against fraud, bribery and corruption and they are positively encouraged to raise any concerns they might have with their line manager
- 2.3 Council affairs are open to scrutiny by many organisations or the public, including HM Revenues & Customs, Department for Works & Pensions, Local Government Ombudsman, External Audit and Freedom of Information requests. The Council requires Members and officers to lead by example in ensuring adherence to legal requirements, rules, procedures, best practices and policies.
- 2.4 The Council has in place well-developed systems and procedures to assist in the prevention and detection of fraud, bribery 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.

### 3 Definitions

- 3.1 Fraud is defined within the Fraud Act 2006. Offences under this act cover
- False representation,
  - Failure to disclose information and
  - Abuse of position.
- 3.2 The Bribery Act 2010 enacted in July 2011, introduced four new criminal offences;
- Offering or paying a bribe (financial or other advantage to the recipient) (Offence under Section 1).
  - Requesting or receiving a bribe (financial or other advantage to the recipient) (Offence under Section 2).
  - Bribing a foreign public official (Offence under Section 6).
  - An offence of a corporate body failing to prevent bribery being undertaken (by its employees or agents) on its behalf (Offence under Section 7).
- 3.3 Corruption can be defined as; giving or obtaining advantage through means which are illegitimate, immoral, and / or inconsistent with one's duty or the rights.

### **4 Scope of This Policy**

- 4.1 This policy applies to any Member of the Council and any officer of the Council. The policy also applies to any agency staff, partner, contractor, supplier or consultant in the course of their work for the Council.

### **5 Links to Other Policies/Procedures**

- 5.1 Whistle Blowing Policy & Procedure
- 5.2 Disciplinary Policy & Procedures
- 5.3 Financial Regulations and Contract Procedure Rules
- 5.4 Members' Codes of Conduct
- 5.5 Officers' Codes of Conduct



### Section Two – Procedure & Strategy

#### 1 Roles and Responsibilities

- 1.1 The Council, through Member Committees and the Senior Management Team, maintains a continuous review over Financial Regulations, Contract Procedures and relevant Codes of Conduct to ensure effective Governance arrangements.
- 1.2 As part of effective Governance, it is the responsibility of Head of Service and Line Management to be alert to areas of potential fraud, bribery and corruption within their areas of operation and to ensure that policies and procedures are in place to minimise such risks.
- 1.3 All Heads of Service and Line Management are required to keep their services' procedures under continuous review and to report to the Chief Executive, Monitoring Officer or Head of Finance where new or increased risks are identified or changes in procedures are required.
- 1.4 Procedures for the prevention, detection and investigation of benefit fraud are kept under constant review.
- 1.5 All officers should be aware of the content of the Whistle Blowing Policy and the circumstances in which it should be applied.
- 1.6 As part of their activities, Internal Audit will monitor the operation of this Policy Statement as an integral part of the programmed annual audit work, reporting to the Audit Committee as a part of the Annual Report on the Audit Plan.
- 1.7 This policy document will be subject to regular review to ensure its continued relevance.

#### 2 Anti-Fraud and Corruption Strategy

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

- Facilitates prevention;
- Aids detection; and
- Determines a clear process for investigation.

This approach is based on a series of inter-related procedures designed to thwart any attempt at fraud, bribery or corruption. The procedures relate to:

- Prevention (Section A);
- Detection and investigation (Section B);
- Training (Section C).

Fraud, bribery and corruption can be perpetrated internally within the Council, by Members or officers, or externally by, for example, contractors, partners, benefit claimants, grant recipients, and others. Wherever and however it may originate, the Council will take a robust stance against fraud, bribery and corruption.

### **A. Prevention**

#### **Officers**

- A.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.
- A.2 Employees are required to follow the Officers' Code of Conduct, detailed within Part 5 of the Council's Constitution, and are subject to the Council's Disciplinary Procedure
- A.3 It is important that officers disclose to their appropriate Head of Service any relationships of a business or private nature with external contractors, or potential external contractors and they must not seek or accept any fees or inducements in respect of procurement of works, good or services other than their proper remuneration.
- A.4 Employees must also register certain interests such as secondary employment, potential conflicts of interest and the receipt of gifts and hospitality where permitted by the Officers' Code of Conduct, documented within the Staff Handbook and the Council's Constitution.

#### **Members**

- A.5 Members are required to operate within the ethical framework of:
- The Localism Act 2011.
  - The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.
  - The Council's Constitution and in particular the Rules of Procedure (Part 4) and Codes and Protocols (Part 5).
- A.6 Members must agree to be bound by the Code of Conduct for Members and complete a Declaration of Interests submitted to the Monitoring Officer within 28 days of taking office in line with the guidance contained in the Code. 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**

- A.7 The Council maintains Standing Orders (including Standing Orders for Contracts) and Financial Regulations to ensure that employees dealing with the Council's affairs act in accordance with current best practice and legal requirements.
- A.8 The Head of Finance 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.



- A.9 The Council has developed, and is committed to continuing with, documented systems and procedures, which incorporate efficient and effective internal controls. These include protection of data in both electronic and physical formats, separation of duties, wherever possible, and checking and authorisation requirements to ensure that errors and impropriety are prevented. Financial Regulations require Senior Managers to ensure that systems and controls are properly maintained and complied with. The Council's Internal Audit service independently monitors effectiveness and compliance of the control environment within the Annual Audit Plan.
- A.10 The Council has an embedded Corporate Risk Management Policy Framework supported by a Corporate Risk Register and a range of Divisional Risk Registers. These identify strategic and operational risks and support the development of controls and procedures to mitigate risks that are identified, that include fraud, bribery and corruption issues.
- A.11 An Annual Governance Statement is produced declaring the level of assurance given to the Systems of Internal Control across the Council and highlighting those areas that are recognised as having potential weaknesses. Internal Audit will follow-up on these.

### Combining with Others

- A.12 It is essential to maintain vigilance in the light of the developing variety of fraud and corrupt activity that is now capable of being perpetrated. The necessity to liaise between organisations has become more important and arrangements are in place, and continue to develop, to encourage the exchange of detailed information relating to specific incidents between the Council and other agencies, including but not limited to:
- Other Local Authorities;
  - Government Departments;
  - Police Forces;
  - The Audit Commission;
  - National Fraud Authority;
  - Essex Audit Group;
  - Essex Investigation Group.
  - Local Government Ombudsman

### Money Laundering

- A.13 As an organisation that receives money from the public or businesses the Council is potentially vulnerable to money laundering, although with a risk level assessed as Low. There is a need for staff to be aware however and if there is any suspicion concerning a financial transaction it must be reported to the Audit & Performance Manager immediately. Such a report must be made without alerting the person or business making the transaction to the fact that the report is being made or marking any record within the files of that person or business.

A.14 The Council's Legal Services follow their own professional guidance and procedures in respect of money laundering, which places a duty on solicitors to report any suspicions that may override their legal professional privilege and confidentiality.

### **B. Detection and Investigation**

B.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 Whistle Blowing Policy, which was fully updated in July 2012, clearly details the mechanism for reporting actual instances of or concerns about fraud, bribery and corruption.

B.2 It is the responsibility of Senior Managers and all other employees to prevent and detect fraud, bribery and corruption. It is often the alertness of employees or members of the public to indications of fraud, bribery or corruption that enable detection to occur and the appropriate action to take place when there is evidence that fraud, bribery or corruption may have been committed, or is in progress.

B.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. If an employee believes that a bribe or an inducement has been made relating to their normal business transactions, the matter should be reported immediately to the 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 is available to raise concerns.

B.4 Examples of possible routes are via:

- People and Policy Manager – Whistle Blowing Officer;
- Chief Executive;
- Monitoring Officer – Head of Legal, Estates & Members' Services;
- Head of Finance
- Heads of Service
- Audit & Performance Manager.

B.5 If, after careful consideration, an officer feels unable to raise concerns through the internal routes, they can be raised 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).

B.6 The Whistle Blowing Officer or any other officer detailed within the Whistle Blowing Policy is responsible for following up any allegations of fraud, bribery and corruption that are received by them, and are required to report them for investigation in accordance with the Council's Financial Regulations and Whistle Blowing Policy.

- B.7 Where fraud, bribery or corruption is suspected or reported, managers must follow the procedures detailed within 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
- B.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.
- B.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, 01702 318041.
- B.10 Senior Managers are required by Financial Regulations to report all suspected frauds, acts of bribery and irregularities. Correct reporting is essential to the Council's anti-fraud strategy to ensure:
- Consistent treatment of allegations of fraud, bribery and corruption;
  - Proper investigation by a manager or an independent unit (e.g. Internal Audit);
  - The prompt implementation of investigations;
  - The optimum protection of the Council's interests.
- B.11 Depending on the nature and extent of the allegations, the investigation will work with relevant management and other agencies, if appropriate, to ensure that all allegations are properly, fairly and thoroughly investigated and objectively reported upon and, where appropriate, maximum recoveries are made for the Council.
- B.12 Suspected benefit fraud by claimants is investigated by the Council's Revenue Investigation Department.
- B.13 Disciplinary procedures will be used where the outcome of an investigation indicates misconduct.

- B.14 Where fraud, bribery or corruption is discovered the 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, Monitoring Officer or Head of Finance. Referral to the Police will not prohibit parallel action under the disciplinary procedures.
- B.15 The Council's Revenues Investigation Department fraud team will, in most cases, deal directly with allegations of benefit fraud. Where fraud has been found, the Revenues and Benefits Manager will decide what further action is necessary. The Revenues Investigation Department will consider referring any allegation and/or investigation onto a third party enforcement agency where this is warranted (e.g. allegations found or made that do not relate to benefit fraud or where the overpayment and circumstances of the case mean that police involvement is necessary).
- B.16 Where benefit fraud is discovered, the action taken will be in accordance with The Benefit Fraud Sanction Policy.
- B.17 If a partner, contractor or supplier is known to be convicted of an offence under the Bribery Act the Council has the right to terminate the contract and exclude the contractor from future contracts. The Council's standard contract terms include the following wording;
- “The Council may cancel the contract and recover any losses from the contractor, if the contractor, its employees or agents, with or without its knowledge;
- Directly or indirectly improperly offers, promises or gives anyone anything in order to influence the way in which the agreement is completed or carried out or;
  - Commits any offence under the Bribery Act 2010 or Section 117 (2) of the Local Government Act 1972”.
- B.18 The External Auditor also has powers to independently investigate fraud and corruption.

### **C. Training**

- C.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.
- C.2 To facilitate this, the Council supports the concepts of induction training, performance reviews and development for all employees.
- C.3 The investigation of fraud, bribery or corruption requires staff that are properly and regularly trained to undertake investigations. Several members of the Management Team and Internal Audit have received training in this area.
- C.4 Revenue Investigations Department staff are trained in the provisions of the Police and Criminal Evidence Act 1984.

C.5 All staff that conduct criminal investigations will adhere to the Human Rights Act 1998, Data Protection Act 1998, Regulation of Investigatory Powers Act 2000, Criminal Procedure and Investigation Act 1996, Protection of Freedoms Act 2012 and any other relevant statutory legislation. For non-criminal investigations, all investigative staff will follow (as much as is reasonably practical) best practice laid down in legislation.

### 3 More information

For more information please contact Human Resources on Ext 3801

### 4 Policy Ownership and Effective Dates

<b>Policy owner:</b>	People and Policy
<b>Approving body:</b>	Audit Committee
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