

STRATEGY / POLICY FRONT COVER



Name of Strategy / Policy: Anti Fraud and Corruption Policy, Strategy and Prosecution Policy

Date last updated: February 2009

Links to Council Priorities:

Priority	Linked Yes
Environment – Civic Pride	Yes
Regeneration and Homes	Yes
Improving the Council	Yes
Community Safety	Yes

Links to Other Strategies and Policies

Whistle Blowing Policy, Money Laundering Policy

Action Plan in this document?

No. However this is supported by a separate F&C framework which outlines the actions required to demonstrate that the Council meets all the relevant requirements in relation to this.

Is progress on the action plan regularly updated?

Yes. The framework is updated quarterly.

Officer Monitoring

Name of officer responsible for co-ordinating and progressing the action plan:

Karen Shorter Fraud Investigations Manager / Linda Everard Head of Internal Audit

Member Monitoring

Name of cabinet portfolio holder responsible for over viewing progress of the Strategy / Policy (if applicable):

No cabinet portfolio holder assigned to this policy

Chair of Audit Committee is nominated as the member risk lead

Progress in implementing the framework is undertaken on a quarterly basis by the Audit Committee

Member forum for agreeing the policy / strategy (if applicable):

Updates are initially presented to the Audit Committee for challenge before being forwarded to Cabinet for approval.

Has it been subject to a Diversity Impact Assessment? No

Has it been subject to an Environmental Sustainability Impact Appraisal? No



ANTI- FRAUD AND CORRUPTION POLICY, STRATEGY AND PROSECUTION POLICY

PRODUCED BY: INTERNAL AUDIT & BENEFIT INVESTIGATION SERVICES

SUBJECT TO ANNUAL REVIEW

APPROVED BY:

- EXECUTIVE MANAGEMENT TEAM: 24 FEBRUARY 2009
- CABINET: 17 MARCH 2009
- AUDIT COMMITTEE: 31 MARCH 2009

ANTI FRAUD & CORRUPTION POLICY, STRATEGY & PROSECUTION POLICY

1. ANTI FRAUD AND CORRUPTION POLICY

Castle Point Borough Council (the Council) is committed to adhere to and promote the common principles of good governance for public sector organisations as published in the 'Good Governance Standard for Public Services, 2004. Its governance standards are set out in its Local Code of Governance.

Fundamental to these common principles is the promotion of an anti-fraud and corruption culture. In creating this culture, members and employees may wish to refer to the Nolan Committee's *Seven Principles of Public Life* outlined in Section 4 of this document to help ensure that their own conduct complies with these overarching good governance principles.

To this end there is a clear remit to reduce losses to fraud and corruption to an absolute minimum across all areas affecting the council. The Council expects its members and employees to promote this principle and participate in counter fraud initiatives.

The Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud. It will ensure probity in local administration and governance by taking positive action against all forms of fraud and corruption. Other Council policies which also support the culture of identifying and disclosing inappropriate or unacceptable behaviour are:

- The Whistleblowing Policy (confidential reporting)
- The Anti Money Laundering Policy

Castle Point Borough Council expects:

- its members and employees:
 - to act with integrity at all times and to be totally honest and trustworthy by complying with all laws and regulations applicable to the Council's business
 - not to be involved in any decisions where their impartiality could be brought into question
 - not to accept inducements, gifts or hospitality that could be seen as impacting on their impartiality. All gifts received should be appropriately reported and recorded
 - to report suspected fraud, corruption or other financial irregularity
 - to report the matter using the Council's Whistleblowing Policy if that is more appropriate.
- its employees:

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- not to hold positions outside the Council with the potential to conflict with their Council responsibilities
- to bring to the attention of their manager any financial or non-financial interests that they consider could conflict with the Council's interests.
- customers, contractors, suppliers and all other third parties to be honest in their dealings with the Council.

The Council will not tolerate fraud or irregularity perpetrated by:

- its members or employees against the Council or others
- customers, suppliers, claimants or other third parties against the Council.

Where fraud is found or suspected the Council's intention is to:

- consider cases on their merits and investigate appropriately, all enquiries being carried out with the utmost propriety
- work within guidelines based on best practice and relevant legislation.
- institute disciplinary action, criminal prosecution or other sanctions (in accordance with the Prosecution Policy, see Section 3) or referral to the police where it is appropriate
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate when public funds have been defrauded.

DEFINITIONS

Fraud is the intentional distortion of the financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain.

Fraud may be committed against the Council:

- from the inside, by its employees (employee fraud) or
- from the outside by third parties (external fraud).

In addition, frauds which are originated outside the Council can be achieved by a third party influencing the actions of an employee (corruption).

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person. This involves the abuse of an employee's or member's position within the Council in order to confirm an unfair advantage on a third party.

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2. ANTI - FRAUD & CORRUPTION STRATEGY

The Council must ensure that it has robust practices for deterring and responding to malpractice. Accordingly, clear roles and responsibilities relating to the prevention and detection of fraud and corruption have been established as outlined below.

REPORTING ALLEGATIONS / SUSPICIONS

Allegations and/or suspicions may arise from any source within or external to the Council. Any member or officer who suspects fraud, corruption, theft or other financial irregularity in respect of either the Council or private funds if appropriate, is expected:

- to report the matter to an appropriate officer or directly to their line manager who will undertake initial investigations and decide whether the matter requires further investigation. Should that be the case:
 - potential benefit fraud should be notified to the Benefit Investigation Team; and
 - all other concerns should be reported to Fraud Investigations Manager in accordance with Financial Procedure Rules.
- to deal swiftly and firmly with those who defraud the Council or who are corrupt.

In exceptional circumstances, such matters can also be reported to the Chief Executive. Alternatively the matter may be reported through the Council's Whistleblowing Policy. The confidential reportline number is 01268 882250.

MEMBERS, CHIEF EXECUTIVE, ASSISTANT CHIEF EXECUTIVE, STRATEGIC DIRECTORS' & HEADS OF SERVICE / SERVICE MANAGERS

It is the Chief Executive, Assistant Chief Executive, Strategic Directors' and Heads of Service / Service Managers who are responsible for ensuring that:

- effective systems of internal control are established, with appropriate controls to minimise the risk for fraud and corruption and procedures are in place to ensure that staff adhere to these systems
- all employees and members receive full training / guidance on the standards and requirements of the Council's Code of Conduct and all relevant legislation
- all audit reports are responded to in writing within a timetable agreed with the Head of Internal Audit detailing what action is intended, to address any recommendations which could reduce the Council's exposure to fraud (as required by Financial Procedure Rules)

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- any employee who is suspected of fraud, corruption or financial irregularity, is dealt with in accordance with the Code of Conduct for Employees and the Disciplinary and Appeals Procedure (hereafter called “the Council’s Disciplinary Rules and Procedures”).

ALL EMPLOYEES AND MEMBERS

Both members and employees must ensure they are aware of the standards and requirements of the Council’s Code of Conduct and all relevant legislation (as per the individual’s Job Description) and act in accordance with these.

If members or employees are unsure of the required standards, it is their responsibility to request guidance from the Chief Executive, Assistant Chief Executive, Heads of Service or relevant line managers as applicable.

Any suspected fraud that could have an impact on the Council must be reported (as required by Financial Procedure Rules). Failure to do so could expose an individual to risk of subsequent disciplinary action.

Under certain circumstances it may be appropriate to report such concerns under the Council’s Whistleblowing Policy.

HEAD OF INTERNAL AUDIT AND FRAUD INVESTIGATIONS MANAGER

The Head of Internal Audit and the Fraud Investigations Manager are responsible for:

- reviewing the policy and strategy annually and obtaining approval for any amendments from the Head of Resources (the Section 151 Officer), the Executive Management Team and the Audit Committee
- maintaining an Anti Fraud & Corruption Framework which is also updated annually and reported upon periodically. The Framework determines the actions to be taken to promote an anti fraud and corruption culture and raise awareness to minimise the risk of it being perpetrated against the Council
- encouraging the public to report concerns by a variety of awareness raising activities.

INTERNAL AUDIT & THE BENEFITS INVESTIGATION TEAM

Internal Audit also:

- reviews and appraises the adequacy, reliability and effectiveness of the Council’s systems of internal control
- reports recommendations to management, relating to weaknesses in internal controls, which could leave the Council open to fraud.

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The Benefits Investigation Team is responsible for the prevention and detection of benefit fraud. In discharging this role it:

- complies with specific procedures, government guidelines and relevant legislation
- maintains procedures which are consistent with the Department of Works & Pensions' (DWP) Housing and Council Tax Benefit Security Guidance.

The Team also:

- maintains a log of all allegations made, which are reported to the Head of Resources (the Section 151 Officer) and the Head of Internal Audit
- investigates other suspected cases of fraud or corruption in accordance with documented procedures, with the support and or involvement of Internal Audit where appropriate
- reports quarterly to the Executive Management Team and the Audit Committee on the outcome of investigations undertaken.

The Head of Paid Service (Chief Executive) and the Monitoring Officer (Strategic Director) will be informed of any allegations which require investigation and the progress / outcome of such cases.

THE AUDIT COMMITTEE

The Audit Committee is responsible for;

- providing independent assurances of the adequacy of risk management framework and the associated control environment, which includes both Whistleblowing and Anti Fraud and Corruption Policies
- providing independent scrutiny of the Council's financial and non financial performance to the extent that it affects its exposure to risk and weakens the control environment
- overseeing the financial reporting process.

RECRUITMENT & VETTING OF STAFF

Individual managers are responsible for undertaking proper checks to validate (wherever possible) references and information provided on job application forms. Successfully implemented screening reduces the risk to the Council from potentially fraudulent employees.

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DATA MATCHING

The Council will actively pursue opportunities to participate in data sharing exercises in the quest to prevent and detect fraud and corruption, including the Audit Commission's National Fraud Initiative and ongoing data matching with the Department of Works and Pensions.

This will be done in line with the Information Commissioners Code of Practice for Data Sharing.

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3. PROSECUTION POLICY

All allegations of fraud and corruption will be taken seriously, thoroughly investigated and rigorous action taken when fraud is substantiated. Where there is clear evidence that a fraudulent or corrupt act has been committed the following tests will be applied before a case is considered for prosecution:

- **The Evidential Test:** There must be enough evidence to provide a realistic prospect of conviction.
- **The Public Interest Test:** A prosecution will usually be pursued unless there are public interest factors tending against prosecution which clearly outweigh those tending in favour. In these instances the prosecution should go ahead and those factors should be put to the court for consideration when sentence is being passed.

The Crown Prosecution Service's 'Code for Crown Prosecutors' published 2000, details various public interest factors which should be referred to when making a decision to prosecute.

The Council will in most instances prosecute where the fraud perpetrated:

- was not a first offence, or
- was planned, or
- involved more than one person and
- passes the Public Interest Test detailed above.

Each department / section involved in the detection and investigation of fraud will maintain detailed guidance as to the:

- relevant public interest factors and thresholds to be applied
- required sufficiency and standards of evidence obtained, before referring cases for prosecution
- the appropriate sanctions that can be considered (where appropriate)
- options available to seeking redress for any losses (where appropriate).

The Council believes fair and effective prosecution is essential in order to protect public funds and deter fraudulent activity. The Council will ensure that successful prosecutions are reported to the media in order to demonstrate its continual drive to prevent fraud.

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4. PRINCIPLES OF PUBLIC LIFE

The Council has set out the principles of good governance it applies in its Local Code of Governance which is consistent with the CIPFA / SOLACE Guidance Delivering Good Governance in Local Government Framework. However members and employees may wish to refer to the Nolan Committee's *Seven Principles of Public Life* as set out below to help ensure that their own conduct complies with these overarching good governance principles.

SELFLESSNESS

Holders of public office should take decisions solely in terms of the 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 steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.