

ANTI-FRAUD AND CORRUPTION POLICY

**A guide to the Council's approach to
preventing fraud and corruption and
managing suspected cases.**

February 2018

Contents

	Page number
Foreword	3
1. Introduction	4
2. Purpose	4
3. Definition of Fraud and Corruption	5
4. Prevention and Detection of Fraud and Corruption	6
5. Responsibilities of Members	7
6. Responsibilities of Officers	7
7. Working with others and sharing information	9
8. National Fraud Initiative (NFI)	9
Reporting and Investigation of Suspected Fraud or Corruption	10
Appendix 1 – Who should you report your concerns to	12
Appendix 2 – Fraud Response Plan	13

Foreword

Blaby District Council's vision is for a thriving, sustainable, safe, healthy and secure community where people are happy to live and work, and where we are recognised for our high quality, responsive, efficient and valued public services.

Members, Officers of Blaby District Council, individuals and organisations who provide services on behalf of the Council are expected to treat our customers in a fair and honest way. Conversely we expect that the Council will be treated fairly and honestly in its dealings with others and by those who work for and serve the Council and community. We are therefore committed to the prevention and detection of fraud and corruption and we seek to engender a culture of zero tolerance.

Fraud has a negative affect on the economy, councils and taxpayers with the honest majority paying for it through the adverse affect on frontline public services. Financial Fraud Action UK has reported that fraud cost the UK £755 million in 2015, an increase of 26% compared to the previous year. Within local government fraud is estimated to cost £2.1 billion a year. Every pound lost through fraud cannot be spent on valuable public services or to reduce the tax burden. The Audit Commission reported in 2014 a 400% increase in 'right to buy' fraud in London. Single person discount and exemptions fraud on council tax is estimated at £133 million per year, and in recruitment, by supplying false references or qualifications, people are able to carry out tasks for which they are not trained or qualified, potentially putting the public in danger.

Fraud and corruption can therefore have damaging and wide ranging consequences, undermining our corporate vision and priorities, and damaging our reputation to which a corporate response is required. This policy, along with associated policies (such as the Corporate Collection Policy & Civil Penalty Policy for Council Tax) and procedures will ensure a consistent approach to the detection, investigation, sanctions and recovery of losses as a result of fraud and corruption activity.



Cllr Maggie Wright
Finance, Efficiency & Assets Portfolio
February 2018

Anti-Fraud and Corruption Policy

1. Introduction

- In conducting its business Blaby District Council is committed to the prevention, detection and investigation of fraud and corruption. We expect Members, Officers of Blaby District Council, individuals and organisations who deal with the Council to treat us and our customers in a fair and honest way. We take all cases of potential fraud and corruption seriously and will refer these to the Police if appropriate.
- We promote a zero tolerance anti-fraud and corruption culture through the anti-fraud and corruption policy, whistleblowing policy, procedures and training etc. Our systems of internal control help to prevent and detect fraud and corruption with prompt detection and investigation of any fraud and corruption, with sanctions against those individuals committing fraud and corruption and recovery of any losses.
- The Council's approach to fraud and corruption will compliment and reinforce other corporate policies such as Member and Officer Codes of Conduct and disciplinary and grievance procedures.
- The Fraud Response Plan sets out Blaby District Council's procedure to be followed in the event of fraud being suspected or detected.
- We see preventing and detecting fraud and corruption as the joint responsibility of all members and officers within the Council, from those who are involved in providing strategic direction and policy, to those managing resources and those working in the day to day operation of Council activities.

2. Purpose

- The public expect local authorities to be accountable for protecting public money and to operate in a transparent manner. Therefore the Council needs to ensure that there are effective systems of anti-fraud and corruption arrangements in place and are working.
- Stopping fraud happening in the first place must be the first aim; however, motivated fraudsters will still succeed. This document sets out the Council's approach to: raising awareness; encouraging prevention; promoting detection; ensuring effective investigation where suspected fraud or corruption has occurred; taking appropriate action.
- The policy of the Council is to reduce losses through fraud and corruption to the absolute minimum in all areas.
- Through this policy, and its associated procedures, we will enable employees, councillors and other individuals who may have concerns

Anti-Fraud and Corruption Policy

about potential fraud or corruption related to any aspect of Council activity, to voice those concerns and ensure that they are responded to effectively.

3. Definition of Fraud and Corruption

Fraud

The Fraud Act 2006 is legislation that has been introduced in order to provide absolute clarity on the subject of fraud. Section 1 of the Act introduced a new general offence of fraud and three ways of committing it:

- Fraud by false representation
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

Fraud by false representation requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- The person makes the representation knowing that it is or might be untrue or misleading.

Fraud by failing to disclose information requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Failure to disclose information where there is a legal duty to disclose.

Fraud by abuse of position requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Abuse of a position where one is expected to safeguard another person's financial interests.

Corruption

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence the action of any person to act improperly.

Bribery

The Bribery Act 2010 covers, amongst other things, the offences of bribing another person, of allowing persons to be bribed and organisational responsibility. Such offences include:

Anti-Fraud and Corruption Policy

- The offer, promise or giving of financial or other advantage to another person in return for the person improperly performing a relevant function or activity.
- Requesting, agreeing to receive or accepting a financial or other advantage intending that, in consequence a relevant function or activity should be performed improperly.
- Commercial organisation responsibility for a person, associated with the organisation, bribing another person for the purpose of obtaining or retaining business for the organisation.

4. **Prevention and Detection of Fraud and Corruption**

- The primary responsibility for maintaining sound systems of control including arrangements to prevent and detect fraud and corruption lies with the Chief Executive, Directors and the Group Managers of the Council. An annual programme of internal audits is designed to assist this process by highlighting areas where controls are inadequate, require improvement or are not operating correctly, or at all, or where good practice can be shared.
- The starting point of a strategic approach is to **Acknowledge** and understand the threat of the risk of fraud. The second element must be to build **Prevention** into the system rather than have a reliance on detection and enforcement once fraud or corruption has occurred. Finally, where fraud does occur, the Council will be strong in **Pursuing** fraud through recovery of losses and the enforcement of the law.
- The Council has adopted the following policies, procedures and codes of conduct to assist with the prevention and detection of fraud and corruption:
 - Council Constitution - details the regulation of meetings, proceedings and business of the Council and its committees
 - Scheme of Delegation - details officer authorisation levels
 - Financial Regulations and Financial Procedure Rules - the financial procedures to be followed by staff conducting the council's business
 - Contract Procedure Rules – the procedures to be followed for procurement purposes
 - Members' Code of Conduct – governs the conduct of councillors in the course of the Council's business
 - Officers' Code of Conduct - governs the conduct of officers in the course of the Council's business.
- Councillors and employees are required to abide by, and act responsibly under, this policy and therefore assist in maintaining the reputation and public confidence in the Council. Councillors and managers are expected to lead by example in the implementation of this policy.

5. Responsibilities of Members

- Members of the Council are required to operate within the limits set out in the Council's Constitution (including Financial regulations, Standing Orders and other relevant legislation) and the Members' Code of Conduct. This includes a requirement to declare interests that may conflict with their duties and to not take part in decision-making where their interest could influence their decision. Councillors are expected to familiarise themselves with the Council's Constitution and the Members' Code of Conduct.
- Members have a duty to report, and provide information, where they suspect fraud or corruption (including bribery) in accordance with the procedures set out in this policy.

6. Responsibilities of Officers

- Employees should familiarise themselves with and comply with the requirements of the Officers' Code of Conduct, Financial Regulations, Financial Procedure Rules, Contract Procedure Rules and any other procedures relevant to their particular role.
- Each employee is governed in their work by the Council's Standing Orders and Financial Regulations and other codes on conduct and policies. Included in the Code of Conduct are guidelines on Gifts and Hospitality and advice on professional and personal conduct and conflicts of interest. They should seek advice of the Monitoring Officer if in doubt. They should be aware that they could be found guilty of a criminal offence if they receive or give any reward or advantage or show favour or disfavour to any person when acting on behalf of the Council. Employees are responsible for ensuring that they follow instructions given to them by management, particularly in relation to the safekeeping of the assets of the Council.
- Where employees are members of professional bodies they are also expected to comply with the standards of conduct required by the relevant body.
- Blaby District Council encourages its employees to raise concerns relating to suspected fraud and corruption and provides the necessary support to enable employees to do this. All employees have a duty to report any case where they suspect fraud or corruption may have taken place using the procedures set out in this policy. The Whistleblowing Policy supports those wishing to report concerns.
- Managers are expected to ensure that policies and procedures are designed to prevent fraud and corruption in the course of delivering Council services, and existing services are revised as necessary to remove weaknesses. Managers must ensure all staff are aware of the Council's rules and procedures and have adequate training to equip them

Anti-Fraud and Corruption Policy

to undertake their job and comply with those rules and procedures. Managers must ensure there are appropriate arrangements in place to identify cases where members of their staff are not complying with rules and procedures in carrying out their role.

- Internal Audit makes sure that the policies and procedures that are in place are adequate to ensure that possibilities of fraud and corruption are prevented or minimised.
- Independent external audit is an essential safeguard of the stewardship of public money. This is carried out through specific reviews that are designed to test the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption.
- Responsibility for the detection and investigation of alleged cases of Housing Benefit fraud (which includes other state benefits) now sits with the Single Fraud Investigation Service (SFIS). For this Council this change took place in March 2016.
- The Monitoring Officer is responsible for ensuring that all decisions made by the Council are within the law. The Monitoring Officer's key role is to promote and maintain high standards of conduct throughout the Council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.
- The Strategic Director (Section 151 Officer) has been designated as the statutory officer responsible for financial matters as defined by section 151 of the Local Government Act 1972. The legislation required that every local authority in England and Wales 'should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs.'
- This policy although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.
- Both elected members and employees must ensure that they can avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based on impartial advice and avoid questions about improper disclosure of confidential information.

7 Working with others and sharing information

The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies for auditing or administering public funds including the Cabinet Office, the Department of Work and Pensions, other local authorities, National Anti-Fraud Network, HM Revenues and Customs, and the Police.

8 National Fraud Initiative (NFI)

- The Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets, for example payroll, council tax, and accounts payable (but not limited to these) which is then matched to data held by other public bodies. Any positive matches (e.g. an employee on the payroll in receipt of housing benefit) are investigated.

Reporting and Investigation of Suspected Fraud or Corruption

- Members of the public, contractors and suppliers should raise any concerns with the relevant person detailed in **Appendix 1**.
- Employees should report instances of suspected fraud or corruption to their line manager or to the Strategic Director as appropriate. Managers are responsible for informing the Strategic Director of all such cases, who will ensure that the matter is appropriately investigated as detailed in **Appendix 2**.
- The Council has a Whistleblowing Policy which encourages employees, Members and others who provide services on behalf of the Council, to raise any concerns they might have about wrong-doing within the Council. This policy covers potential acts of fraud and corruption. The existence of the policy is publicised to staff, contractors and Members.

The Council's Response to Fraud and Corruption

- A Fraud Response Plan will be drawn up and complied with for each investigation.
- If an initial investigation indicates that an employee of the Council may have committed fraud or corruption, the matter will be referred to the Strategic Director or Strategic Director (Section 151 Officer). They will support the investigation and the matter will be dealt with in accordance with the Council's disciplinary procedure.
- Where the matter involves a councillor it will be referred to the Monitoring Officer for investigation in relation to the Council's Internal Complaints Procedure for Members, or for referral to the Standards Board for England where appropriate.
- Where third parties including members of the public, suppliers and contractors appear to be involved in fraud or corruption against the Council, the Council will investigate and report its findings in the first instance to the Strategic Director (Section 151 Officer).
- Cases relating to Housing Benefit are passed to the Department for Work and Pensions SFIS Team via the recognised and agreed pathway. Council Tax Support claims are investigated by the Revenues and Benefits Manager.
- Cases may be reported to the Police where it is considered that a criminal act may have occurred, whether that act is against the Council or another party and regardless of who is involved in the potential fraud or corrupt act.

Recovery of Loss

- Fraud is an acquisitive crime and must not pay. The Council will aim to recover from those responsible any losses that it sustains as a result of fraud or corruption cases. Civil litigation and the Proceeds of Crime Act will be used when required to recover losses.

Training

- The Council is committed to provide training regarding fraud and corruption, and associated policies, to staff and Members to ensure that everyone is aware of their responsibilities and relevant procedures.
- The Strategic Director (Section 151 Officer) identifies any lessons learnt from individual cases and will make recommendations for the strengthening of systems and procedures for the future. Training and advice will be provided to appropriate staff to ensure that learning from individual cases is incorporated across the authority.

Record Keeping

- The Council will keep a record of all allegations reported by this procedure.

Appendix 1

Who should you report your concerns to:-

Suspected financial irregularities or fraud, corruption and Money Laundering:

- Blaby District Council
Strategic Director (Section 151 Officer)
Council Offices
Desford Road
Narborough
Leicestershire
LE19 2EP
Telephone 0116 272 7650
e-mail: fraud@blaby.gov.uk

Matters relating to Councillors

- Blaby District Council
Monitoring Officer
Desford Road
Narborough
Leicestershire
LE19 2EP
Telephone 0116 272 7569
e-mail: legal.services@blaby.gov.uk

Matters relating to Housing Benefit

- www.gov.uk/national-benefit-fraud-hotline

National Fraud Hotline

- Telephone Number: 0800 854 440

Appendix 2

Fraud Response Plan

1. Introduction

- The purpose of this statement is to demonstrate and set out the procedures to be followed by staff where a fraud is suspected or detected. It is part of Blaby District Council's overall anti-fraud and corruption strategy. It therefore applies to all Members and all staff of the Council including temporary agency staff and contractors.

2. Reporting a Suspected Fraud

- Any suspicion of fraud will be treated seriously and will be reviewed and analysed in accordance with the Public Disclosure Act 1998, the Human Rights Act 1998, the Regularity of Investigatory Powers Act 2000, Criminal Procedure and Investigation Act 1996 and the Council's Fraud Investigation Procedure.

3. Action By Employees

- If you become aware of a suspected fraud or irregularity, write down your concerns immediately including all of the relevant detail, such as what was said in phone or other conversations, the date, the names of anyone involved etc. There is a form available for this purpose on i-blaby. Report the matter immediately to either:
 - your Line Manager or
 - the Strategic Director
 - the Strategic Director (Section 151 Officer) or
 - for confidential reporting alternatives please refer to the Raising Concerns (Whistleblowing) Policy
- When you report your concerns, arrange to handover your notes and any evidence you have, to the appropriate investigator.
- Confidentiality for all parties will be maintained over any reports made in good faith which cannot be substantiated following investigation.
- A member of staff may choose to report their concerns anonymously (in line with the Raising Concerns (Whistleblowing Policy) and such anonymity should be noted, however if the report suggests criminal activity, and the case is to be pursued, the identity of the person reporting the details will be needed at a later date if criminal proceedings are pursued.

4. Action By Managers

- If you have reason to suspect fraud or corruption in your work area you should do the following:
 - Listen to the concerns of your staff and treat every report you receive seriously and sensitively
 - Make sure that all staff concerns are given a fair hearing. You should also reassure them that they will not suffer because they have told you of their suspicions
 - Get as much information as possible from the member of staff, including any notes and any evidence they have to support the allegation. Do not interfere with any evidence and make sure it's kept in a safe place
 - Do not try to carry out an investigation yourself. This may damage any Internal Audit or criminal enquiry
 - Report the matter to the Strategic Director.

5. Malicious Allegations

- If an allegation is made frivolously, in bad faith, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

6. Investigation Procedure

- The Strategic Director or Strategic Director (Section 151 Officer) is responsible for initiating and overseeing all fraud investigations and for subsequent follow-up work to be completed. They will comply with the Fraud Investigation Plan to ensure that all investigations conform to the same standard and in accordance with legislation and the Council's prosecution policy.
- Investigation results will be treated in the strictest confidence and will not be disclosed to or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct, and to protect the Council from potential civil liability.
- In cases where an individual is suspected of fraud which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity must treat in the strictest confidence or they themselves could be subject to a misconduct investigation. They will be informed that the investigation has revealed no wrongdoing.

Anti-Fraud and Corruption Policy

- Any necessary investigative activity will be conducted without regard to any person's relationship to the Council or length of service.
- Should a criminal act be suspected the case/investigation may be handed over together with any findings to the police to deal with.
- In the case of suspected housing or Council Tax benefit / support fraud, the Revenues and Benefits Manager will follow a specific investigative procedure in-line with the national standards set by the Department of Works and Pensions. The Revenues and Benefits Manager is responsible for initiating and investigating all housing and Council Tax benefit / support frauds. Fraud against the Council's Hardship fund, Council Tax deductions etc will also be carried out in line with these procedures. The Revenues and Benefits Manager will actively consult with their Group Manager during the course of investigations as part of formal procedures.

7. Conduct Of Investigation

- Where an investigation is carried out, it will be carried out with discretion and sensitivity. In carrying out the investigation, they will confine themselves to investigating those matters which are the subject of, or are relevant to, the suspected fraud.
- The Investigating Officers will conduct investigations in compliance with the dedicated Code of Conduct, designed to meet the requirements of the Department of Works and Pensions for investigating such frauds.
- Once the investigation has been completed, a written report will be prepared which states the facts discovered by the investigation. The report will avoid speculation and no statement shall be made that cannot be supported by the facts.

8. Learn From Past Experience

- Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. The investigation may highlight where there has been a failure of supervision or a breakdown/absence of control. Internal Audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

9. Disciplinary Procedure

- As for other cases of misconduct, matters of alleged fraud will be dealt with under the procedure laid down in the Council's Disciplinary Procedure.

10. Recovery of Loss

- Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and recovery of costs will be sought from individual(s) responsible for the fraud.
- As a first step the individual(s) concerned will be asked to make good the loss.
- It may be appropriate to consider recovering the loss from any monies due to the individual(s) on termination if the perpetrator(s) is an employee. The advice of the Democratic Services, Governance and Scrutiny Manager should be sought before attempting to make recovery.
- Where an employee is a member of the Council's Pension Scheme, and is guilty of fraud, the Council may be able to recover the loss from the capital value of the individual(s) accrued benefits in the Scheme, which are then reduced as advised by the actuary. If such action may be appropriate, the Council's Pension Trustees should be contacted in the first instance. The Trustees have discretion over whether or not recovery is made.
- If the individual(s) will not make good the loss consideration should be given to taking civil action to recover the loss, subject to legal advice received.