

## FRAUD AND CORRUPTION

The council is responsible for prudently administering hundreds of millions of pounds of public funds and assets. It is committed to a strategy of preventing, frustrating, detecting, investigating and punishing fraud and corruption as effectively as it can.

This strategy covers fraud [“the intentional distortion of financial records to hide the misappropriation of funds or for other kinds of personal gain”], other kinds of misappropriation and theft, and corruption [“offering, giving, soliciting or accepting any inducement or reward which may influence someone’s actions”].

### 1. SCRUTINY

The council’s affairs are scrutinised by:-

- the **Chief Finance Officer**, who has personal statutory responsibility for the proper administration of the council’s financial affairs and for operating a system of internal control and by the **Head of Internal Audit and Ethical Governance** who is responsible for maintaining an adequate and effective audit.
- the Director of Corporate Governance, who has personal statutory responsibility as **Monitoring Officer** for legality and good administration.
- the external auditor (who must review the adequacy of the council’s arrangements for preventing and detecting fraud and corruption), the ombudsman, central government, HMRC, the DSS, a range of other regulatory bodies, and of course the public.

### 2. CULTURE

The council’s culture must embrace and promote **honesty, openness and opposition to fraud and corruption**. Members and employees of the council must set an example in the wider community. The council has adopted a whistle blowing policy to encourage and require employees to raise concerns, and to ensure that they are dealt with promptly and correctly. Members of the public are encouraged to report concerns to council officers, to their ward councillors or through the council’s complaints procedure.

Internal Audit will carry out **investigations** impartially, fairly and even -handedly. The council will take swift and firm **action** against those who are proved to have defrauded the council. Disciplinary procedures will be applied robustly, and serious offences reported to the police.

Members and employees are encouraged and required, as far as the law

allows, referring allegations of fraud and corruption relating to **bodies outside the council** to the appropriate authority, direct or via the Head of Internal Audit and ethical Governance.

In dealings with members of the public there is a difference between error and fraud. If someone has made an honest mistake they should be advised to seek to put it right. If they fail to do so, or if they acted deliberately or criminally, they should be reported for fraud investigation.

### 3. PREVENTION

Key measures for **employees** to prevent fraud and corruption include:

- Following agreed recruitment procedures. This includes checking the history of new recruits, permanent and temporary, and taking written references for integrity before making firm offers.
- Requiring employees to follow the council's code of conduct and any relevant professional code.
- Making it clear that fraud unconnected with employment can be a disciplinary offence if it could weaken public confidence in the councillor the individual.
- Making sure all employees are aware of the potential for fraud and corruption at all times. Employees handling claims, payments, receipts, goods or contracts must be especially vigilant.

**Members** of the council set the standards for the entire organisation, and must understand and support the bureaucratic controls designed to assure probity. They must act within the law and their code of conduct.

**Managers** must put effective **control systems** in place, for example separating duties so that more than one person controls a transaction.

Internal Audit advise on best practice and independently monitor the existence and effectiveness of control systems.

### 4. DETECTION AND INVESTIGATION

Fraud is often detected through the **alertness** of employees and the public. Employees are required to report wrongdoing and encouraged and helped to do so.

All employees' statements of particulars of employment require them to acknowledge, for the purposes of data protection legislation, that the council and other public bodies can use **personal information** about them held by the council for the detection of fraud.

Senior managers usually make **initial enquiries**. They must:-

- Act promptly.
- Record all evidence.
- Ensure evidence is sound and backed up.
- Keep evidence safe and secure and try to do likewise for evidence outside their control.
- Avoid action that could alert a suspect, or prejudice further enquiries.
- Refer anything to Internal Audit that is not just a management issue.

Reports to **Internal Audit** ensure consistency, proper investigation by an expert and independent team, proper investigation planning, full protection of the Councils interests and the opportunity to review what went wrong and arrange a remedy. Internal Audit will work with management and the police to ensure proper investigations and maximum recovery for the council.

Following investigation:-

- Disciplinary procedures may be followed if misconduct is established
- Appropriate cases will be referred to the police, after consultation with the Chief Executive or the Director of Corporate Governance, to consider prosecution.
- Major cases will be referred to the external auditor, who has powers of investigation, and whose assistance and advice will be sought where appropriate.