

~~BOROUGH OF TELFORD & WREKIN COUNCIL~~

~~ANTI-FRAUD AND CORRUPTION STRATEGY POLICY
UPDATED POLICY STATEMENT~~

~~UPDATED SEPTEMBER 2008 APRIL 2006~~

1. INTRODUCTION

1.1 Good Corporate Governance requires that the authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (members¹ and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. This policy will not compromise any Equalities legislation or any associated Council policies.

1.2 This policy embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs. For ease of understanding it is separated into five areas as below:-

Culture	Section 2
Prevention	Section 3
Deterrence	Section 4
Detection and Investigation	Section 5
Training	Section 6

~~1.3.1~~ The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the Audit Commission (including External Audit and Inspection), other Government Inspection bodies, the Local Government Ombudsman, the Standards Board for England, HM Customs & Excise and the Inland Revenue. These bodies are important in highlighting any areas where improvements can be made.

~~1.4.1.4~~ Fraud ~~is and corruption are~~ 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”.

In addition, fraud can also be defined as *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent”.*

[The Fraud Act 2006 which came into effect on 15th January 2007 creates a new general offence of fraud with three ways of committing it:](#)

- [Fraud by false representation](#)
- [Fraud by failing to disclose information](#)
- [Fraud by abuse of position](#)

[It also creates new offences:](#)

¹ The term “members” is used in the policy to include elected, co-opted and independent members.

- [Obtaining services dishonestly](#)
- [Possessing, making and supplying articles for use in frauds](#)
- [Fraudulent trading applicable to non-corporate traders.](#)

[Corruption is defined by the Audit Commission as:-](#)

Corruption – “*the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person*”.

In addition, this policy also covers “*the failure to disclose an interest in order to gain financial or other pecuniary benefit.*”

2. **CULTURE**

2.1 The culture of the Council has always been one of openness and the core values of Value, Fairness and Trust support this. The culture therefore supports ~~the~~ opposition ~~to~~ fraud and corruption.

[2.2](#) The prevention ~~and~~ /detection of fraud/corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. [The Council's anti-fraud and corruption culture and associated procedures assist the Council in its management of the risk of fraud and corruption against the Council.](#)

[2.2](#)

[2.3](#) The Council's ~~elected members~~[members](#), employees, partners, ~~and~~ [volunteers and governors](#) play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will [be investigated and](#) wherever possible be treated in confidence. ~~Suppliers/~~[contractors](#) to the Council and the public also have roles to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.

[2.4](#) Concerns must be raised when members, employees, partners, ~~volunteers,~~ [volunteers, governors and](#) suppliers/[contractors](#) or the public reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- * A criminal offence
- * A failure to comply with a statutory or legal obligation
- * Improper or unauthorised use of public or other official funds
- * A miscarriage of justice
- * Maladministration, misconduct or malpractice
- * [Discriminatory behaviour](#)
- * Endangering an individuals health and/or safety
- * Damage to the environment
- * Deliberate concealment of any of the above

2.5 The Council will ensure that any fraud/corruption allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.

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- 2.6 The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through the Leaders Joint Standards Protocol or Standards [Committee arrangements Board for England](#) (members).
- 2.7 When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

3. **PREVENTION**

ELECTED MEMBERS

3.1 The Role of Elected Members

- 3.1.1 ~~As elected representatives,~~ All members of the Council have a duty to the Citizens of the Borough to protect the Council and public money from any acts of fraud and corruption.
- 3.1.2 This is ~~done~~achieved through the Anti-Fraud and Corruption Policy, compliance with the Model Code of Conduct for Members, the Council's Constitution, including Financial Regulations and Standing Orders, relevant legislation and any other protocols and procedures adopted by the Council.²
- 3.1.3 ~~Elected Members~~Members sign to the effect that they have read and understood the Code of Conduct for Members when they take office. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. ~~The Head of Legal and Democratic Services~~ and Monitoring Officer advises members of new legislative or procedural requirements.
- 3.1.4 Regular training on the Code of Conduct is made available to all ~~elected members~~members. A record will be kept of all members undertaking training in the Code of Conduct. Members can also seek advice from officers in Legal ~~and Democratic Services~~ in relation to the Code of Conduct and other probity issues.
- 3.1.5 All members are expected to fully co-operate with whoever is conducting fraud and corruption investigations, proactive checks or data matching exercises.

EMPLOYEES

3.2 The Role of the Corporate Director: Resources

² This includes the Members Acceptable Use Policy for Council Resources
[W:\COMMITTISTANDARD\anti-fraud & corruption 2006\final updated afe march 2006 agreed stds and audit 040406.doc](#)

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3.2.1 The Corporate Director: Resources has been designated the statutory responsibilities of the Finance Director as defined by s151 of the Local Government Act 1972. These responsibilities outline that every local authority in England & 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”.

3.2.2 Under the Corporate Director: Resources responsibilities, proper administration encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting and internal audit;
- Ensuring the Authority’s responsibility for the proper administration of its financial affairs;
- The proper exercise of a wide range of delegated powers both formal and informal;
- The responsibility for managing the financial affairs of the local authority in all its dealings; and
- The recognition of the fiduciary responsibility owed to local tax payers.

3.2.3 Under these statutory responsibilities the Corporate Director: Resources contributes to the anti-fraud and corruption framework of the Council.

3.3 The Role of Managers

3.3.1 Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility, that these controls operate effectively and that they test them regularly to confirm this. They should also operate so as to prevent and detect fraud and to implement new controls to reduce the risk of similar fraud occurring where frauds have taken place.

3.3.2 Managers at all levels are responsible for the communication and implementation of this policy strategy in their work area. They are also responsible for ensuring that their employees are aware of the Council's Employee Code of Conduct, Human Resources policies and procedures³, the Council's Financial Regulations and Standing Orders⁴, Information Security Policy and associated IT policies and procedures and that the requirements of each are being met in their everyday business activities.

~~In addition, managers must make their employees aware of the requirements of the National Code of Conduct for Local Government Employees through the induction process.~~

~~3.3.23.3~~ Managers are expected to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures they must refer to the information on the Intranet and the leaflet produced to explain the Council's "Speak Up" Policy (whistle blowing policy) on Confidential Reporting.

~~3.3.33.4~~ Special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll, purchase ledger, cash management or the Revenues & Benefits

³ These are available on the Council's Intranet under "Human Resources Advisory Working for Telford & Wrekin".

⁴ These are contained in the Constitution on the Intranet

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computer system. Managers must ensure that relevant training is provided for all employees and that a training record is maintained.

~~3.3.5~~ ~~3.3.4~~ The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers 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 and agency employees. The Council's recruitment procedure contains appropriate safeguards in the form of identity checks, written references, the verification of qualifications held and employment history. As in other public bodies Criminal Records Bureau (CRB) checks are undertaken for employees working with or who may have contact with children or vulnerable adults. Any concerns you have about a potential employee should be referred to Human Resources prior to offer of employment.

3.4 Responsibilities of Employees

~~3.4.13~~ ~~3.4.1~~ Each employee is governed in their work by the Council's Financial Regulations and Standing Orders and Financial Regulations, and other policies on conduct (Health and Safety, Corporate Information Security Policy which includes the E-mail and Internet Usage Policies and IT Strategy and IT Security policy). Included in the Financial Regulations Public Accountability section is Council policies are information guidelines on Gifts and Hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest⁵. These are issued to ~~all~~ employees when they join the Council ~~and or~~ are available ~~to all~~ on the Intranet.

3.4.22 In addition to paragraph 3.4.14, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Authority. These will be included in induction training and procedure manuals.

3.4.33 Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named below.

3.4.44 Concerns must be raised, in the first instance, directly with your line manager or through the Council's Speak Up Confidential Reporting Policy, eg: -

- * Heads of Service, Directors, the Chief Executive or the Council's Monitoring Officer, who may report such concerns to the Audit & Risk Manager
- * Directly to the Audit & Risk Manager
- * External Auditor, who depending upon the nature of the concern will liaise with the Audit & Risk Manager
- * Trade Union Representative
- * Speak Up Confidential Reporting Hotline – 01952 383115202590

3.4.5 All employees are expected to fully co-operate with whoever is conducting fraud and corruption investigations, proactive checks or data matching exercises.

⁵ See guidance on the Intranet on the Audit Services page

3.5 Conflicts of Interest

3.5.1 Both ~~elected members~~[members](#) and employees must ensure that they 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 upon impartial advice and avoid questions about improper disclosure of confidential information.

3.6 Official Guidance

3.6.1 In addition to Financial Regulations and Standing Orders, Portfolios and Business Units will have their own procedures to prevent and deter fraud. There may also be audit reports, which recommend methods to minimise risks and losses to the Authority. Managers and employees must be made aware of these various sources of guidance and alter their working practices accordingly.

3.7 Role of Internal Audit

3.7.1 Internal Audit, within the Resources portfolio, plays a vital preventative —role in trying to ensure that systems and procedures are in place to —prevent and deter fraud and corruption. Internal Audit investigates all —employee cases of suspected financial irregularity, fraud or corruption, —except Benefit fraud investigations (see below), in accordance with —agreed procedures. Within the Financial [Regulations Procedure Rules](#) in the —Constitution, representatives of Internal Audit are empowered to:

- enter at all reasonable times any Council premises or land
- have access to all [Council and partner](#) records, documentation and correspondence relating to any financial and other transactions as considered necessary, including e-mail and electronic records
- have access to records belonging to third parties such as contractors [or partners](#) when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee [or member](#) of the Council to account for cash, stores or any other Council property under his/her control or possession

Internal Audit liaises with management to recommend changes in procedures to [improve controls](#), reduce risks and prevent losses to the Authority.

[3.7.2 The National Fraud Initiative \(NFI\) is led by the Audit Commission as part of the external audit process. NFI seeks to identify fraud and error by comparing data sets across a large number of public bodies. Internal Audit co-ordinates the Council's NFI data matching requirements. Systems have been established to securely transfer data to the Audit Commission and to receive data matches back for review. All matches are reviewed \(with priority based on risk\) within the defined timetables](#)

3.8 The Role of the Benefits Investigation Team (BIT)

3.8.1 The Benefits Investigation Team, located in Revenues & Benefits Services, is responsible for all of the welfare benefit fraud investigations, in accordance with legislation, ~~and~~ agreed codes of conduct and a separate Council policy. In cases where employees and/or members are involved they team will ~~workwork with~~ with Internal Audit, Human Resources, the Monitoring Officer and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.

3.8.2 The BIT, in addition to meeting the requirements of the NFI, also undertake data matching exercises organised internally and externally by HBIS and DWP

3.9 The Role of the Audit Commission and External Audit

3.9.1 Independent external audit is an essential safeguard of the stewardship ~~—~~of public money. This is currently carried out by the Audit Commission or their nominated supplier ~~——~~through a Code of Practice specific reviews that isare designed to test (amongst other ~~—~~things) the adequacy of the Council's financial systems and ~~—~~arrangements for preventing and detecting fraud and corruption. It is ~~—~~not the external auditors' function to prevent fraud and irregularities, but ~~—~~the integrity of public funds is at all times a matter of general concern. ~~——~~External auditors are always alert to the possibility of fraud and ~~——~~irregularity, and will act without undue delay if grounds for suspicion ~~——~~come to their notice. The external auditor has a responsibility to review ~~——~~the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for ~~——~~corrupt practices.

3.9.2 Where External Audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

3.10 Co-operation with Others

3.10.1 The appropriate Council portfolios have arranged, in compliance ~~of~~with the Data ~~p~~Protection Act 1998, the exchange of information on national and local fraud and corruption activity in relation to Local Authorities, with external agencies such as: -

- * Police
- * County, Unitary and District Groups
- * Audit Commission
- * Government Departments including the DWP Benefits Agency
- * National Anti-Fraud Network (NAFN)
- * Telford and Wrekin PCT
- * Regional bodies e.g. WMRA

3.11 The Role of Contractors/Suppliers and the Public

3.11.1 This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by contractors/suppliers and the public to be investigated, as appropriate, by the relevant person in a proper manner.

4 DETERRENCE

4.1 Housing and Council Tax Benefit Administration

4.1.1 Benefits administration is recognised nationally as being complex and difficult to administer. This results in the scheme being prone to error and abuse. The Authority is committed to tackling poverty but it must also ensure that the administration of housing and council tax benefit is secure, fair and provides prompt help to those who need it. Equally, it must also be vigilant in tackling fraud and error to ensure value for taxpayers' money.

4.1.2 The Revenues & Benefits Service operates within the Government's [legislation, policies and guidelines](#) and ~~the~~ National Performance Standards Framework [and the Audit Commission's Key Lines of Enquiry](#), which aims to improve the quality and accuracy of benefit determinations and both prevent and reduce the incidence of fraud.

4.2 Prosecution and Recompense

4.2.1 To support this policy the Council has a Corporate Prosecution Policy which is complemented by the Benefits Counter Fraud [and Sanctions](#) Policy. The corporate policy encompasses the public, ~~elected members~~[members](#) and employees. It is designed to clarify and ensure consistency in the Council's action in specific cases and to deter others from committing offences against the Authority. The Benefits [Counter Fraud and Sanctions](#) ~~Prosecution~~ policy ensures that Benefits prosecutions are undertaken within the requirements of Benefits legislation.

4.2.2 In addition or instead of prosecution, the Council will seek to recover any money or assets fraudulently/corruptly obtained from the Council.

4.3 Disciplinary Action

4.3.1 [Theft, fraud and corruption are serious offences against the Authority and employees will face disciplinary action if there is evidence that they have been involved in these activities, this includes Benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case. Even in cases where the Council is not directly involved, employees are reminded that the public's confidence in the organisation may be damaged and that this is a potential breach of contract by the individual concerned.](#)

~~Theft, fraud and corruption are serious offences against the Authority and employees will face disciplinary action if there is evidence that they have been involved in these activities, including Benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case but in a consistent manner.~~

4.3.2 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. ~~The Procedural Guide – Allegations of Mis-Conduct by Members will govern the manner in which investigations are undertaken, if not referred to the Audit Commission and/or the Police.~~ If the matter is a potential breach of the Code of Conduct for Members then it will also be referred to the appropriate Group

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Leader(s) or the Group Leaders under the Leaders Joint Standards Protocol and if necessary [to the Standards Committee Board for England](#).

4.4 Publicity

- 4.4.1 The Council's Public Relations Unit (PR) will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. PR will also try to ensure that the results of any action taken, including prosecutions, are also reported in the [local](#) press.
- 4.4.2 Internally where the Council can learn from incidents the salient points will be communicated to members and employees through the Bulletin and on the Intranet.
- 4.4.3 In all cases (both Member and Officer) where the Council has suffered a financial loss then the Council will seek to recover the loss and advertise this fact.
- 4.4.4 Any notifications received by the Council of possible regional/national frauds, scams or alerts will be communicated to all employees and members, as appropriate.
- 4.4.5 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make the employees and the public aware of the Council's commitment to taking action on fraud and corruption, when it occurs.

5 DETECTION AND INVESTIGATION

- 5.1 Internal Audit plays an important role in the detection of fraud and corruption. Included in their audit plan are reviews of system controls including financial controls and specific fraud and corruption tests, spot checks and unannounced visits.
- 5.2 In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees, partners, volunteers, members, [governors, suppliers/contractors](#) and the public that aids detection.
- 5.3 In some cases frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 5.4 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern is raised or by the originator as per paragraph 3.4.4 (the Council's [Speak Up Confidential Reporting](#) policy). This is essential to the policy and:-
- Ensures the consistent treatment of information regarding fraud and corruption; and
 - Facilitates a proper and thorough investigation by an experienced auditor [or team](#) or appropriate officer.
- 5.5 This process will apply to all the following areas:
- a) fraud/corruption by [elected members](#) ~~members~~
 - b) internal fraud/corruption
 - c) other fraud/corruption by Council employees
 - d) fraud by contractors employees

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e) external fraud (the public)

- 5.6 Cases under d) and e) would normally be referred directly to the Police. Cases under (a) in respect of potential breaches of the Code of Conduct for Members will be referred [by the Monitoring Officer](#) to the appropriate Group Leader(s) or the Group Leaders under the Leaders Joint Standards Protocol and if necessary [to the Standards Committee](#) [Beard for England](#), the [External Auditor](#) [Audit Commission](#) and/or the Police.
- 5.7 Any decision to refer a matter to the Police will be taken as per paragraphs 3.1 and 3.2 of the Corporate Prosecution Policy.
- 5.8 Depending on the nature of an allegation under b) to e), the Audit & Risk Manager will normally work closely with the Director/[Head of Service](#) concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 5.9 The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper [or unethical](#) behaviour by employees. The processes as outlined in paragraph 4.3.2 will cover Members.

6. AWARENESS AND TRAINING

- 6.1 The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for [Members](#) and employees. The policy is an integral part of the induction programme and there is specialist training for certain elected [Members](#) and employees.
- 6.2 Regular awareness by [corporate communications](#) [managers](#)' briefings, leaflets and information cards will ensure that the policy is kept current. Full copies of the Anti-Fraud and Corruption and [Speak Up](#) [Confidential Reporting](#) policies are available on the intranet [alongside the Fraud Response Plan](#).

7. CONCLUSION

- 7.1 The Council has always prided itself on setting and maintaining high standards and a culture of openness, with core values of Value, Fairness and Trust. This policy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.
- 7.2 The Council has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 7.3 Management and Internal Audit will keep these systems and procedures under review for the Council.
- 7.4 This policy will be updated on a regular basis, with a ~~–~~maximum of two years between each update.