



Anti-Fraud & Corruption Policy

1 Introduction

1.1 Kennet District Council will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Authority's expectation of propriety and accountability is that Members and Staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. It is also expected that individuals and organisations with whom the Authority comes into contact will act with integrity and without thought or actions involving fraud or corruption (Financial Regulations, 3.45-3.47).

1.2 Fraud within the public sector costs the taxpayer hundreds of millions of pounds each year. Any act of fraud or corruption is therefore likely to have a significant impact on the council, both in terms of finance and reputation.

1.3 Kennet District Council is making every endeavour to ensure that anti-fraud and corruption measures are adequate and carried out by all those involved in the business of the Council. To this end Kennet District Council is committed to a policy which is designed to:-

- ◆ Encourage prevention
- ◆ Promote detection, and
- ◆ Provide channels for investigation

1.4 The Council and indeed the public expects all staff and members to demonstrate the highest standards of propriety and integrity at all times and to lead by example in ensuring adherence to rules, procedures and recommended practices.

1.5 The Council's Anti-Fraud and Corruption Strategy embodies a series of comprehensive procedures designed to frustrate any attempted act of fraud or corruption and to maintain the highest levels of propriety and integrity. These cover

- ◆ Culture (Section 2)
- ◆ Prevention (Section 3)
- ◆ Detection and Investigation (Section 4)
- ◆ Training and Publicity (Section 5)
- ◆ Deterrence (Section 6)

1.6 Fraud 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”.*

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

2 Culture

- 2.1 The Council firmly endorses and promotes a culture of openness, integrity and honesty throughout the Authority and takes a robust approach to all signs of fraud or corruption. This applies equally to the Members, Employees, Taxpayers and external providers of goods and services.
- 2.2 The Council's Members and Staff play an important role in creating and maintaining this culture. They are encouraged to raise any matters that concern them, in accordance with the Council's Whistle-blowing Policy in the knowledge that there will be legislation to protect them from victimisation as a result of their actions. All concerns raised will be treated with the utmost confidentiality, professionalism and discretion. There are various reporting channels, both internally and externally that may be used:

Internal

- ◆ Your Service Manager
- ◆ Director of Resources/Section 151 Officer (Frank Marshall) Ext. 700
- ◆ Monitoring Officer (Maria Memoli) Ext. 605
- ◆ Chief Accountant & Auditor (Janet Ditte) Ext. 721
- ◆ Principal Internal Auditor (Venita King) Ext. 707
- ◆ Head of Human Resources (Anne Ewing) Ext. 627
- ◆ Benefits Investigations Manager (Sue Davies) Ext. 733
(Housing Benefit Fraud only)

External

- ◆ Audit Commission (dedicated fraud line) 0207 630 1019
- ◆ Audit Commission (Peter Brown, External Auditor) 0117 901 8736
- ◆ Public Concern At Work 0207 404 6609
- ◆ Housing Benefits Fraud Hotline 01380 734 729

(Public Concern At Work is an independent charity that provides free advice for employees who wish to express concerns about fraud or other serious malpractice).

- 2.3 The Director of Resources, in his capacity as the Council's Section 151 Officer, has overall statutory responsibility for dealing with fraud and corruption within the Authority and must be notified of all circumstances of suspected irregularity in accordance with the Constitution.
- 2.4 The Monitoring Officer also has a significant role to play in ensuring compliance with the relevant Codes of Conduct and maintaining the Registers of Interests, Gifts and Hospitality.
- 2.5 Although staff and Members are encouraged to raise their suspicions, there is a need to ensure that any investigation process is not misused and incidents of abuse, for example raising unfounded or malicious allegations will be dealt with in accordance with the Council's Disciplinary Procedures.
- 2.6 Members of the public are also encouraged to report concerns through any of the above channels. The public can also use the Council's Complaints Procedure (either by telephone or on-line) or contact an elected Member.

- 2.7 As a further commitment to tackling Housing Benefit Fraud, the Council has a local performance indicator within the Best Value Performance Plan for the number of prosecutions and sanctions.

3 Prevention

3.1 Elected Members

- 3.1.1 As elected representatives, all Members of the Council have a duty to the citizens of Kennet, to protect the Council and public money from any acts of fraud and corruption. As such they are required to operate and adhere to:

- ✓ Government legislation
- ✓ Code of Conduct for Members
- ✓ Standing Orders
- ✓ Financial Regulations
- ✓ Any other codes of conduct or protocols adopted by the Council

- 3.1.2 This is achieved through the Anti-Fraud and Corruption Strategy and through compliance with the National Code of Conduct for Members, the Constitution and other relevant legislation.

- 3.1.3 Elected Members sign to the effect that they have read and understood the National Code of Conduct when they take office. Conduct and ethical matters are specifically brought to the attention of Members during their induction and includes the declaration and registration of interests. The Monitoring Officer will advise Members of new legislative or procedural requirements.

3.2 Managers

- 3.2.1 Managers at all levels are responsible for the communication and implementation of the Anti-Fraud and Corruption Strategy within their work area. They are also responsible for ensuring that their staff are aware of and comply with the Authority's Constitution and Financial Regulations and that procedures are in place to safeguard the assets and resources for which they are responsible.

- 3.2.2 Managers should strive to create an environment in which their staff feel able to approach them with any concerns they may have regarding fraud or corruption. Managers should treat these concerns confidentially, professionally and with discretion.

- 3.2.3 The Authority recognises that a key preventative measure for fraud and corruption is to take effective steps at the recruitment stage to establish the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.

- 3.2.4 Recruitment will therefore comply with established National and Local policies, with written reference being obtained regarding the honesty and integrity of potential employees before employment offers are made.

3.3 Employees

3.3.1 Everyone has a role to play in the prevention of fraud and corruption. The Council expects all its staff to lead by example by following rules, codes and procedures. A range of documents have been produced and issued to reinforce these, including:

- ✓ Financial Regulations
- ✓ Standing Orders
- ✓ Whistleblowing Policy
- ✓ Code of Conduct for Staff
- ✓ HR Policies
- ✓ Any other codes of conduct or protocol adopted by the Council

3.3.2 However, employees are expected to be aware of the possibility that fraud, corruption and theft may exist in the workplace and to be able to share their concerns with Management. Employees represent an important control in the prevention of fraud or corruption. It is therefore essential that they are familiar with the Council's Whistleblowing Policy and the reporting channels for such occurrences.

3.3.3 It is every employees duty when suspecting fraud or corruption to protect any evidence from destruction.

3.4 Conflicts of Interest

3.4.1 Both elected Members and employees must ensure that they avoid situations where there is a potential for conflict of interest. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid accusations of the improper disclosure of confidential information.

3.5 Internal Audit

3.5.1 Internal Audit plays an important preventative role in reviewing the controls in place within systems to deter fraud and corruption. Internal Audit will investigate all cases of suspected fraud or corruption, with the exception of Housing Benefit Fraud. Internal Audit will liaise with Management to recommend procedural changes to prevent further losses to the Authority.

3.5.2 Internal Audit has a Fraud Response Plan, attached as Appendix A, which will be referred to when determining the steps to be taken during a fraud investigation.

3.6 Benefits Investigations Team

3.6.1 The Benefits Investigations Team are responsible for the detection and investigation of all Housing Benefit Fraud, in accordance with relevant legislation. Specific investigation procedures have been drawn up for use in such cases.

3.7 Co-operation with Others

3.7.1 Arrangements are in place to encourage the exchange of information between the Council and other Agencies, both on National and Local fraud and corruption activity. These arrangements provide a valuable means of combating potential fraud. In particular the Authority liaises with:

- Police.
- Audit Commission.
- External Auditors.
- National Anti-Fraud Network.
- Benefits Agency.
- Government Departments.
- County and District Groups.
- Members of the Public.

3.8 Members of the Public

3.8.1 This Policy, although primarily aimed at those within or associated with the Council, enables concerns raised by members of the public to be investigated.

4 Detection and Investigation

4.1 There are numerous methods by which fraud or corruption can be detected:

- Alertness of Staff, Members and the Public.
- Anonymous 'tip-offs' and reports from third parties
- Specific investigations, for example Housing Benefits.
- By chance.
- The work of Internal Audit.

4.2 There is an array of preventative systems, particularly internal control systems within the Authority that have been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.

4.3 It is often the alertness of staff which enables detection to occur. In such cases, it is important that staff follow the correct procedures.



DO	DON'T
<p>✓ Make an immediate note of your concerns Note all relevant details, what you saw, where, what you heard, dates, names and times, other parties involved.</p>	<p>X Do Nothing</p>
<p>✓ Raise your concerns with an appropriate person Normally this should be your line manager or an officer nominated in the Code of Conduct.</p>	<p>X Try to investigate the matter yourself Gathering evidence is a specialist field with particular requirements</p>
<p>✓ Deal with the matter promptly Delay could cost the Authority even more or evidence could be lost.</p>	<p>X Approach or accuse anyone directly</p>
<p>✓ Record all evidence received Keep a list of all the evidence that you have received</p>	<p>X Convey your suspicions to anyone other than the appropriate person</p>
<p>✓ Secure all evidence collected It is important for any investigation that all evidence is secured.</p>	<p>X Be afraid of raising your concerns There will be no recriminations for voicing a reasonably held suspicion</p>

4.4 Despite the best efforts of Managers and Internal Audit, many frauds are discovered by chance and the Council has in place arrangements for such information to be processed properly.

4.5 It is a requirement of the Financial Regulations that all suspected instances of fraud or corruption are reported to the Director of Resources or Monitoring Officer (Section 3.34). Reporting such instances is essential to the Anti-Fraud & Corruption Strategy and:

- ◆ Ensures the consistent treatment of information regarding fraud and corruption.
- ◆ Facilitates the proper investigation, assisted by an independent Internal Audit team.
- ◆ Protects the Council's assets and reputation.
- ◆ Protects innocent staff.

4.6 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with Management, reporting their findings to the Director of Resources and Monitoring Officer. All internal investigations conducted by Internal Audit will be done so in compliance with the guidelines of the Police & Criminal Evidence Act, 1984 (PACE) and the Regulation of Investigatory Powers Act, 2000 (RIPA), please refer to the Council's RIPA policy for further details.

4.7 Where it is suspected that an offence of a criminal nature has occurred, the Police will be made aware of the incident and will conduct any investigation.

4.8 The Council's disciplinary procedures and legal action will be used as appropriate where the outcome of the Audit Investigation indicates improper behaviour by an employee.

- 4.9 There is an opportunity for the Council to be the victim of money laundering, particularly in the payment of bills by cash through the post. Every effort has been made to limit the amount of cash that is accepted by the Council for the payment of bills. Although difficult to detect, staff are trained to be vigilant and to refer any unusual transactions to their Line Manager, in line with the Whistleblowing Policy.
- 4.10 All instances of Housing Benefit Fraud are detected and investigated by a separate Housing Benefit Fraud team. Officers within this team are given dedicated training and have specific procedures designed for the investigation and prosecution of fraudulent claimants. A dedicated Housing Benefit Fraud Hotline has been set up to enable the public to assist with the detection of Housing Benefit fraud.
- 4.11 The Council's external auditor, the Audit Commission, also has powers to independently investigate fraud and corruption.

5 Training and Publicity

- 5.1 The Council recognises that the success and general credibility of its Anti-Fraud and Corruption Strategy will depend largely on the effectiveness of training and the awareness of Staff and Members throughout the Organisation.
- 5.2 To facilitate this, provision will be made within the Induction programme for new members of staff to be made aware of the Strategy and for training needs surrounding fraud or corruption to be identified as part of the Employee Development Review process.
- 5.3 All Housing Benefit Fraud Investigators are trained in PINS (Professionalism in Security), which is training specifically tailored towards the investigation of Housing Benefit Fraud.
- 5.4 From time to time, Internal Audit will promote Anti-Fraud & Corruption issues. A summary leaflet has been produced that will be distributed to all staff through TeamSworx, reminding them of the content of the Strategy and actions to take in the event of fraud or corruption being suspected. Hard copies of the Strategy are available under the Corporate Finance Section of the Council's Internet site.
- 5.5 Housing Benefit Fraud is specifically publicised to the taxpayer through the use of local newspapers, the annual Council Tax billing leaflet and through advertising in other Council leaflets on an ad hoc basis.

6 Deterrence

- 6.1 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council, and these include:
- ✓ Publicising the fact that the Council is firmly set against fraud and corruption and states this at every appropriate opportunity;
 - ✓ Acting robustly and decisively when fraud and corruption is suspected and proven;
 - ✓ Taking action to effect the maximum recoveries for the Council
 - ✓ Having sound internal control systems that minimise the opportunity for fraud and corruption

