

Swale Borough Council

Anti Fraud and Corruption Strategy and Guidelines

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Anti Fraud and Corruption Strategy

Introduction

1. Swale Borough Council employs approximately 450 members of staff, has combined expenditure and income of £132 million and has a number of assets and interests.
2. These, combined with its diverse range and nature of services, put Swale Borough Council at potential risk to fraud and corruption, from both internal and external sources.

Definition of fraud (and corruption)

3. Fraud may be regarded as:
 - a. Dishonestly making false representation to make a gain or cause loss or expose another to a risk of loss.
 - b. Dishonestly failing to disclose information, for which there is a legal duty to disclose, in order to make a gain or cause loss or expose another to a risk of loss.
 - c. Dishonestly abusing a position that is expected to safeguard, or not act against, financial interests to make a gain or cause loss or expose another to a risk of loss.

A person may also be guilty of an offence if he/she supplies, offers to supply, adapts or is in possession or control of articles for use in the course of or in connection with fraud.

The Council's commitment

4. In administering its responsibilities, the Council will not tolerate fraud and corruption, and accordingly is committed to an open, honest and effective anti fraud and corruption strategy designed to:
 - a. Promote standards of honesty and fair conduct.
 - b. Positively encourage prevention.
 - c. Promote detection.
 - d. Promote elected Member, employee, public and other stakeholder awareness of fraud and corruption.
 - e. Encourage employees, elected Members, the public and other stakeholders to come forward with concerns and suspicions.
 - f. Vigorously investigate substantiated concerns and suspicions.

- g. Conduct fair and confidential investigations.
- h. Protect, where possible, those raising concerns and suspicions in good faith.
- i. Prosecute offenders, where appropriate.
- j. Take disciplinary action against staff, where appropriate
- k. Recover losses, where appropriate.
- l. Provide staffing, training and resources to maintain and improve sound systems of internal control.
- m. Have regard to safeguard human rights (eg. privacy), freedom of information and to protect personal data

Prevention of fraud and corruption

External scrutiny

- 5. The Council is subject to a high degree of external scrutiny of its affairs from a variety of bodies.
- 6. The external auditor, in particular, has a statutory duty to ensure adequate arrangements are in place to prevent and detect fraud and corruption. The external auditor also has power to investigate independently fraud and corruption.

Internal control

- 7. The Council has developed and is committed to systems and procedures that incorporate efficient and effective controls. These include, amongst others, adequate separation of duties, validation and authorisation controls and supervision to safeguard against error or impropriety.
- 8. The Council has Standing Orders and Financial Regulations in place that provide a lead and require employees when dealing with the Council's affairs, to act in accordance with best practice and adhere to agreed control systems.
- 9. Under Financial Standing Regulations, senior managers must ensure that such controls, including those in a computerised environment, are documented, properly maintained and are effective.
- 10. Financial Standing Orders and Financial Standing Regulations require the disclosure of pecuniary interests in contracts relating to the Council and do not allow the acceptance by employees of any fees or reward whatsoever other than the proper remuneration.

Conduct

11. All elected Members and employees are expected to lead by example in ensuring that the highest levels of behaviour and propriety are adopted and that the Council's rules, procedures and practices, as well as legal requirements, are observed.
12. The Council supports the principles of public life set down by the Nolan Committee, i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
13. The Council expects members of the public and organisations, e.g. suppliers, contractors, and service providers, to act with integrity in their dealings with the Council.

Channels for reporting concerns and suspicions

14. Citizens are encouraged to come forward and give information. Instructions are also available on the Council's website www.swale.gov.uk. Elected Members and employees are also encouraged to report their concerns and suspicion to the Head of Internal Audit or Corporate Services Director or Head of Finance.
15. The Council has a separate Public Interest Protected Disclosure (Whistle blowing) Policy, which it encourages elected Members, employees, contractors and other stakeholders to use. Details are available on our website www.swale.gov.uk.
16. Elected Members, employees, the public and other stakeholders may report their concerns and suspicions by email if they wish. The email address is internalaudit@swale.gov.uk.
17. Suspicions or information specifically concerning potential benefit fraud can be reported to the Housing Benefit Fraud team through the council website or via the Benefit fraud hotline (01795 417714).

Response to concerns and suspicions

18. Where people or organisations have raised a concern about fraud or corruption but are not satisfied with the response they receive, they may pursue the matter further, e.g. by reference to:

- a. Public Concern At Work.
 - b. The Audit Commission.
 - c. An elected Member.
 - d. A relevant professional / regulatory body.
 - e. A solicitor or the police.
 - f. Through the Council's complaints procedure.
19. The Council will have regard to confidentiality and will provide advice, on request, to individuals disclosing concerns to mitigate the risk of reprisals or victimization.

Malicious allegations

20. The Council will treat seriously the raising of unfounded malicious allegations, and may be treated, where employees are concerned, as a disciplinary action.
21. Elected members or employees will be given advice and support, where necessary, if they are the subject of malicious unfounded allegations.

Elected Members

22. Councillors are required to operate within:
- a. The National Code of Local Government Conduct.
 - b. Sections 94-98 and s.105 of the Local Government Act 1972.
 - c. Section 117 (2) of the Local Government Act 1972 and the principles of conduct in public life under provisions of the Local Government Act 2000.
 - d. Local Authorities Members Interest Regulations 1992 (S.I.618).
 - e. Swale Borough Council Standing Orders.
 - f. Swale Borough Council Financial Standing Orders and Regulations.
23. These matters and other guidance are specifically brought to the attention of elected Members at their induction and in the elected Members' handbook. The handbook includes rules on the declaration and registration with the Chief Executive of potential areas of conflict between elected Members' local government duties and the responsibilities and their personal or professional lives.

24. The Council has a Standards Committee responsible (in liaison with the National Standards Board) for overseeing, monitoring, reviewing and enforcing the code of elected Members, especially in relation to the Council's anti-fraud and corruption strategy.

Employees

25. All Council employees have an important role to play in the prevention and detection of fraud and corruption.

26. Employees of the Council are expected to abide by the Council's Code of Conduct for Employees. The Council has in place agreed disciplinary procedures for employees.

Other responsibilities

27. Directors/Heads of Service and managers are specifically responsible for the prevention and detection of fraud and corruption.

28. The Financial Services Manager has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure proper arrangements of the Council's financial affairs. This responsibility is partly exercised through Internal Audit, which is in itself an important internal control providing assurance independently to the Council, management, the external auditor and the public.

29. The Financial Services Manager provides accounting advice and determines the appropriate accounting records and control systems in accordance with the Accounts and Audit Regulations.

30. As the Council's Monitoring Officer, the Corporate Services Director has a legal duty to act if he is made aware of anything that appears to be unlawful, in breach of a statutory code, or maladministration.

Internal audit

31. Internal Audit regularly reviews the existence, appropriateness and effectiveness of internal controls to mitigate the risk of fraud or corruption.

The Head of Audit and Performance normally reports directly to the Corporate Services Director but also has rights of unrestricted access to

Recruitment

32. The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of propriety and integrity.
33. The recruitment of employees is therefore required to be in accordance with the Council's Recruitment and Selection Policy. In particular, written references are sought directly from referees regarding known honesty and integrity of potential employees before employment offers are made

Induction and training

34. The Council's induction process includes advising employees of the role they are expected to play in the Council's framework for internal control and explaining the standards within the Council's Code of Conduct for Employees that the Council expects from its employees.
35. The Council supports the concept of training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted, understood and enforced.
36. The training particularly promotes employee awareness to fraud and corruption and ensures employees understand that internal controls are designed to prevent and detect fraud and corruption.
37. Employees actively engaged in the prevention and detection of fraud are adequately trained in the special skills necessary to carry out these functions.

Publicity

38. The Council's Communications Officer is responsible for optimising the publicity opportunities associated with anti-fraud and corruption activity involving the Council.
39. The Council's Communications Officer is responsible, once notified for endeavouring to ensure that the results of any action taken, including prosecutions, are reported to the media.
40. All anti-fraud and corruption activities, including any update of this strategy, will be publicised in order to make elected Member, employees, the public and other stakeholders aware of the Council's commitment to taking action on fraud and corruption whenever it occurs.

41. The existence of the Council's Whistleblowing Policy and other facilities is widely publicised to contractors and other stakeholders.
42. Reports are made to the Council's Audit Sub-Committee about countering fraud and corruption activities and their outcomes.
43. This strategy will be issued to all elected Members and employees.

Combining with other organisations

44. Arrangements are in place and continue to be developed for the Council to work in partnership, and share information, with external agencies and bodies, to reduce and eliminate fraud and corruption.

45. The external agencies and bodies include:

- a. Police
- b. Audit Commission
- c. Officer Associations (eg Kent Audit Group/ Kent Finance Officer Association etc..)
- d. HM Revenues and Customs
- e. Other local authorities
- f. National Anti-Fraud Network
- g. Central Government Departments and Agencies

The Council will actively engage in the National Fraud Initiative and other legitimate data matching initiatives to prevent and detect fraud.

Detection and investigation

46. The Council has an array of control systems in place designed to prevent fraud and corruption. .
47. However, it is often the alertness of employees, elected members, the public and other stakeholders that enables detection to take place.
48. The investigation of detected fraud and corruption will be carried out impartially and with complete confidentiality although in cases of alleged crime it may be necessary to involve other organisations.
49. The Benefits Investigation Team is responsible for all benefit fraud investigations. Action will be taken in accordance with the Council's Housing Benefit and Council Tax Benefit Anti-Fraud and Prosecution Policy.

50. In benefit fraud cases, where Council employees are involved, the Benefits Investigation Team work with Internal Audit, Human Resources and appropriate senior managers to ensure the correct procedures are followed and this strategy is adhered to.
51. Non-benefit cases are ordinarily referred to Internal Audit. The Head of Audit and Performance will, where appropriate, liaise with managers to determine investigative action required and by whom, e.g. Internal Audit, the police or manager.
52. The Council disciplinary procedures will be used where an investigation indicates improper behaviour on the part of an employee.
53. Where it appears that a criminal offence may have been committed, the Council will ordinarily inform the police for the Crown Prosecution Service to determine whether a prosecution will be pursued, although the final decision of referral to the police will be a matter for senior management.
54. Referral to the police will not prohibit action under the disciplinary procedure.

Prosecution and recovery

55. Offenders are dealt with swiftly and firmly. Prosecution shall be in accordance with the Council's Prosecution Policy
56. Where a loss has occurred as a consequence of fraud or corruption reference is made where appropriate to the Council's Head of Finance for claims purposes, or to seek other compensation and costs where public funds have been defrauded.

Review

57. The Council carries out formal follow-up arrangements to address system and procedure weaknesses where fraud or corruption has occurred.
58. The Council continues to review its rules and procedures to ensure this anti-fraud and corruption policy remains up-to-date, effective and complied with.

Summary

59. The Council is committed to the development of an anti-fraud and corruption culture.
60. The Council is determined to maintain network of systems and procedures to fight against fraud and corruption.

61. The Council is committed to a continuous overview of its anti-fraud and corruption arrangements.

62. The Council gives an assurance that detected fraud and corruption will be dealt with promptly and fairly and, where appropriate, prosecuted.

22 January 2008