

East Devon District Council

Anti Fraud, Theft and Corruption Policy

Reviewed

May 2007

Policy Approval

Audit and Corporate Governance Committee
September 2007

Policy Statement

We have high standards of honesty and probity. Although instances of fraud and theft are rare and we are not aware of any corruption, this Policy should be taken as confirmation of our stance on these matters.

We do not condone fraud, theft or corruption irrespective of whether it is attempted internally by staff or elected Council members or externally by members of the public. We are committed to our Anti-fraud, Theft and Corruption Policy and the complementary Whistle Blowing Policy both of which are designed to:

- encourage prevention
- promote detection
- ensure protection, and
- identify a clear approach for investigation

Reasons for this Policy

Both this and the Whistle blowing policy are published to help prevent any attempted fraudulent or corrupt act, to set out the actions taken to prevent occurrence and should anything irregular happen, the actions to be taken

They endeavour to ensure

- the consistent treatment of information regarding fraud, theft and corruption;
- compliance with RIPA and Data Protection legislation
- all enquiries are routed through the Council's Single Point of Contact (SPoC) currently located in Internal Audit
- proper investigation by experienced officers; and
- the proper implementation of a fraud response investigation plan.

An explanation of the definitions used in this Policy

Anti-Fraud is defined as the measures taken within the Council to prevent, detect and investigate instances of fraud.

Fraud is defined as any deliberate act taken by one or more individuals to deceive or mislead with the objective of misappropriating assets or monies. The Council's financial statements or underlying financial records may be distorted in an attempt to disguise fraudulent activity.

Theft is defined as taking something from the Council with the intent to deprive the Council of it permanently.

Corruption is defined as being the use of bribery, fraud or the irregular alteration and or distortion of records to conceal and/or misappropriate assets of the Council.

Whistle blowing means action by an employee to disclose malpractice in the form of irregularity, wrong-doing or serious failures of standards at work.

SPoC means a person authorised by the Home Office to lawfully access telecommunications data, such as land-line, mobile networks, internet and e-mail data.

Council Culture

We are committed to ensuring that our culture is one of honesty and opposition to fraud, theft and corruption. We expect and require that all individuals and organisations associated in whatever way with the Council act with integrity, and that our staff and members, at all levels, will lead by example in these matters.

Our Whistle Blowing Policy positively encourages staff and members of the public to raise any concerns about fraud, theft and corruption that they may have. These concerns may be about other members of staff, perhaps those you work with, or people who work directly for the Council, our suppliers or people who provide services to the public on our behalf.

You can do this in the knowledge that your concerns will be treated in confidence and properly investigated.

How to Raise a Concern

If appropriate, discuss the matter with your Head of Service or the Council's Monitoring Officer or, if you prefer the Internal Audit and Risk Manager. Alternatively, you may contact the Confidential Phonenumber - 01395 517494. An informal approach to the designated officer will usually be treated confidentially.

If you prefer, or if you do not work for the Council, you can contact our Internal Audit & Risk Manager direct in any of the following ways.

- By writing to the Internal Audit & Risk Manager at East Devon District Council, Knowle, Sidmouth EX10 8HL. Write 'Private and confidential' on your envelope

- By telephoning the **confidential phoneline** on **01395 517 494**. You can leave a voicemail message 24 hours a day. Only the Internal Audit & Risk Manager (or the Principal Auditor if the Whistle Blowing Officer is off work) can pick up the messages left
- By sending an e-mail to tclark@eastdevon.gov.uk (Do not send an e-mail if the matter is confidential)

It is best to put your concerns in writing and give the Internal Auditor as much information as possible - including any relevant names, dates, places and so on.

The earlier you raise a concern, the easier it is to take effective action.

What will the Council do?

The investigating officer, usually the Internal Audit and Risk Manager, will:

- deal promptly with the matter;
- record all evidence, ensure it is sound and adequately supported;
- ensure the security of all evidence;
- contact and liaise with other agencies, e.g. Police;
- notify and liaise with the Head of Organisational Development.

Depending upon the nature and anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

The Council's Disciplinary Procedure will be used where the outcome of the Audit Investigation indicates improper behaviour without prejudice to prosecution action.

Senior Management are expected to deal swiftly and firmly with those who defraud or steal from the Council or who are corrupt. The Council should be considered robust in dealing with financial irregularity or malpractice.

Senior management are responsible for following up any allegation of fraud or corruption and should do so immediately by informing the Internal Audit and Risk Manager and/or the Head of Organisational Development. In cases of alleged corruption the Chief Executive should also be informed.

The Council will normally wish the police to be contacted where financial impropriety is discovered. Referral to the police ensures that people are dealt with in accordance with the law.

The relevant corporate director will be kept informed of the progress of the investigation.

What do we do to prevent fraud, theft and corruption?

Framework

We have Financial Regulations and Financial Operating Procedures in place that require you, when dealing with our affairs, to act in accordance with best practice.

The Corporate Director—Economy has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of our financial affairs, he keeps the published Financial Regulations, Financial Operating Procedures and Standing Orders up to date to help guide and control processes relating to contracts for works, supplies and services. These documents outline the procedures and responsibilities we expect you to comply with. The Corporate Director—Central Services, as the Council's Monitoring Officer, is responsible under Section 5 of the Local Government Housing Act 1989 for monitoring the conduct of the Council's business.

There is also a high degree of external scrutiny of the Council's business by a variety of bodies, including:

- Local Government Ombudsman;
- External Audit
- Audit Commission;
- Central Government Departments and Parliamentary Committees; and
- Department of Health & Social Security

Systems

We have developed and are committed to using systems and procedures that incorporate efficient and effective internal controls. Corporate directors and heads of service are responsible for ensuring these controls are properly maintained and documented and they sign their Certificates of Internal Control which are used to write the Statement of Internal Control, this document is appended to our financial statements.

Staff

We recognise that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff. Temporary staff will be subject to the same recruitment policies as permanent staff.

To do this we recruit staff in accordance with approved fair selection policies and, in particular, we obtain written references before any employment offer is made.

We require you to comply with our policies and to follow the Council's Code of Conduct and, if applicable, your Professional Institute's Code of Ethics. You can find the Code of Conduct in the Staff Handbook or online in the Policy Register. Councillors should refer to their own Code of Conduct.

You are reminded that under our Standing Orders you must operate within Section 117 of the Local Government Act 1972, regarding pecuniary interests in Contracts relating to the Council or fees and rewards other than proper remuneration.

Councillors

Councillors are required to operate within:

- Council Standing Orders and comply with the Council's Constitution;
- National Code of Local Government Conduct;
- Sections 94, 98 and 105 of the Local Government Act 1972;
- Local Authorities (Member Interests) Regulations 1992 (S1.618); and
- Section 106 of the Local Government Finance Act 1992.

Councillors have their own Code of Conduct which includes the declaration and register of interests with the Council's Chief Executive, including any potential areas of conflict between Council duties and responsibilities and any other areas of their personal or professional life.

Detection and Investigation

There are preventative systems, particularly internal control systems within the Council, that are designed to provide indicators of any fraudulent activity. Generally they should be sufficient in themselves to deter fraud. It is, however, a fact that alert and observant staff, councillors and members of the public do become aware of fraud, theft and corruption. The Whistle Blowing Policy gives you more information about what you should do and how you can let us know.

Arrangements for Members of the Public

Members of the public are encouraged to report all suspected irregularities, including suspected fraud, theft or corruption to the Internal Audit and Risk Manager.

A confidential answerphone exists to receive calls relating to suspected fraud, theft or corruption in the event that any member of public wishes to report anything suspicious.

A leaflet giving advice on what people should do if they suspect fraud, theft or irregularity has occurred is available and a copy can be obtained from Internal Audit.

If you think someone is fraudulently claiming benefits follow the procedures for notifying us outlined in "How to Raise a Concern", page 2 above. Information received will be passed to the housing benefit fraud team for them to investigate. Further advice on the Housing Benefit fraud strategy and prosecution policy is provided on page 7.

Training

We recognise that the effectiveness of our Anti-Fraud, Theft and Corruption Policy will depend largely on your ability to spot and report anything amiss. We know that we need to provide relevant training for staff throughout the organisation. To facilitate this, our Welcome Programme provides an opportunity for corporate directors to arrange for responsibilities to be highlighted and reinforced.

Independent advice

You can get independent advice or support from an organisation called Public Concern at Work, their address is:

Suite 301
16 Baldwin Gardens
London
EC1N 7RJ

Tel: 020 7404 6609

Policy Consultation

Executive Board, Strategic Management Team, Organisational Development and the Staff Joint Forum.

Policy Review

The Internal Audit & Risk Manager will review this policy in the light of any legislative changes and in May 2009 to consider any changes.

Related Policies and Strategies

- Whistle Blowing Policy
- Financial Regulations, Financial Operating Procedures and Contract Standing Orders
- Disciplinary Policy

Related Subjects

What is the National Fraud Initiative?

The NFI is part of the statutory audit process for health, local government and other public sector bodies. In total, 1500 organisations supply almost 3,500 sets of data in areas such as housing benefit, payroll and pensions. The NFI cross-match this data and sends matches to us to investigate. Since it was launched in 1996, the NFI has identified more than £290 million in savings for the audited bodies taking part.

You are reminded that your personal data will be used for data matching purposes, but can be re-assured that we will take all steps necessary to protect and safeguard your data.

Housing Benefit Fraud Strategy & Fraud and Prosecution Policy

- Housing Benefit Fraud Strategy

We have our own team of designated Housing Benefit Fraud Officers who actively pursue any suspected fraud or irregularity brought to their attention. These officers work closely with benefit assessment staff and liaise frequently with the Benefits Agency, Inland Revenue, Customs & Excise and other agencies.

We adhere to the housing benefit claim 'verification framework'; this is a procedure designed to prevent fraud by promoting close scrutiny of evidence used to support housing benefit claims. Departmental policies within Housing Benefits encourages referrals to the Housing Benefit Fraud Officers of any suspected fraudulent claim. The Housing Benefit Fraud Officers comply with the Housing Benefits Investigation Manual produced by the Department for Work and Pensions (DWP) and the codes of conduct required under parliamentary legislation.

We also use anti-fraud software to assist in the detection and prevention of Housing Benefit fraud.

Fraud & Prosecution Policy

We have adopted policies and procedures to help ensure investigations into suspected fraud and irregularities are carried out consistently and with due care. These policies and procedures ensure that where fraud is proved, an investigation is progressed to prosecution or penalty.