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MENDIP DISTRICT COUNCIL

GOVERNANCE, ASSETS AND PUBLIC SPACES

Anti Fraud and Corruption Policy and Procedure

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ANTI-FRAUD AND CORRUPTION POLICY AND PROCEDURE

POLICY STATEMENT

Mendip District Council is committed to sound corporate governance and is determined to prevent and eradicate fraud, bribery and corruption, whether it is attempted from outside or from within the Council. The Council has a zero tolerance commitment to bribery and corruption, a stance which was endorsed by Corporate Management Team and Team Managers Group in November 2015. In the first instance, the Council's aim is to prevent any fraud and corruption from taking place, but it will also take all necessary steps to identify suspected fraud and corruption, and will actively seek to pursue the recovery of any losses and the suitable punishment of those responsible. For the purposes of this policy 'fraud and corruption' shall include 'bribery'.

1. INTRODUCTION

1.1 The Council has always set itself high standards of honesty and probity essential in promoting an anti-fraud and corruption culture. In creating this culture, Members and Officers will always ensure they follow the Nolan Committee's *Seven Principles of Public Life* outlined below that apply to people who serve the public:

- **SELFLESSNESS** - Holders of public office should act solely in terms of the public interest.
- **INTEGRITY** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **OBJECTIVITY** – Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **ACCOUNTABILITY** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **OPENNESS** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **HONESTY** - Holders of public office should be truthful.

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- **LEADERSHIP** - Holders of public office should exhibit these principles in their own behaviour. These should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 1.2 The Council endorses these principles and, together with showing respect for others and adhering to the duty to uphold the law, expects them to be followed by everybody who is involved with the work of this Council, including Members – both elected and co-opted, Officers, contractors/sub-contractors, partners, agency staff, consultants, suppliers, customers and members of the public.
- 1.3 Definitions. For the purposes of this policy, “fraud” “corruption” and ‘bribery’ can be defined as follows:
- **Fraud** is the use of false representation to gain unfair advantage, for example the intentional distortion of the financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain.
 - **Corruption** is the perversion of a person’s integrity in the performance of (especially official or public) of duty or work by bribery.
 - **Bribery** is the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person. This involves the abuse of an Officer’s or Member’s position within the Council in order to confirm an unfair advantage on a third party.
- 1.4 The Fraud Act 2006 outlines three main fraud offences:
- False representation;
 - Failure to disclose information; and/or
 - Abuse of position with the intent to gain or cause loss or expose another to the risk of loss.
- 1.5 The Bribery Act 2010 strengthens the earlier fraud legislation by introducing the offences of offering or promising to give a financial or other advantage to bring about or reward improper performance of a relevant function or activity. The emphasis is on organisations to ensure they have adequate procedures to prevent bribes being paid or received on their behalf.
- 1.6 In addition, this policy covers the failure to disclose an interest in order to acquire financial or other pecuniary gains, as well as acts involving theft, deception, forgery, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

- 1.7 The CIPFA publication 'Managing the Risk of Fraud' is deemed best practice for Local Authorities and details actions to counter fraud and corruption. The Council will use this to identify any gaps in current anti fraud work and ensure continuous improvement in this area.
- 1.8 In September 2015 the National Crime Agency (NCA) and Chartered Institute of Public Finance and Accountability (CIPFA) jointly issued an Amber Alert concerning Local Authorities and the UK Bribery Act 2010. The alert was based on assessed intelligence and warns of the dangers and threats from serious organised criminality. This alert helped to stimulate a review and update of the Council's anti-fraud and corruption policies and procedures

2. CULTURE

- 2.1 Good governance and an anti-fraud culture links in with the Council's customer outcome of providing good value for money. Helping to reduce or prevent losses and having sound systems of internal control in place will ensure that maximum use is made of the Council's resources.
- 2.2 The Council is committed to ensuring that its culture will continue to be one of honesty and opposition to fraud and corruption. This is achieved by promoting a culture of openness and honesty in all the Council's activities.
- 2.3 The Council's Constitution, Codes of Conduct for Officers and Members, Financial Regulations and other key policies and strategies such as the Council Procurement Code and Whistleblowing Policy provide detail of acceptable conduct, behaviour and actions. These provide a governance framework for the Council and support our anti-fraud culture.
- 2.4 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council Officers and Members, at all levels, will lead by example in these matters.

3. PREVENTION

- 3.1 The Council recognises that the successful implementation of an anti-fraud and corruption culture is dependent on the commitment, involvement and actions taken by a whole range of stakeholders. The actions taken will promote the anti-fraud culture and minimise the Council's exposure to the risk of fraud and corruption.

The Public

- 3.2 The Council recognises that fraud affects how much council tax and income tax is paid by the public and the level of resources available to

share among our district. The Council relies on members of the public reporting to the Council if they suspect that someone is committing fraud.

All Officers

- 3.3 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps to establish as far as possible at the recruitment stage the previous record of potential Officers and, in particular, the Council will obtain written references regarding the honesty and integrity of candidates before employment offers are made. The Council must ensure that the recruitment of Officers is in accordance with approved fair selection policies. Temporary and contract Officers should be treated in the same manner as permanent Officers.
- 3.4 All Officers are expected to operate the systems of internal control established by management. Officers are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and to be aware of the reporting procedure. Raising awareness of the Council's zero tolerance commitment to fraud and corruption and associated policies forms part of the induction process.
- 3.5 All Officers of the Council are expected to follow the Council's Officers' Code of Conduct, Constitution and financial regulations and, where applicable, their Professional Institutes Codes of Ethics. The Council's Officer's Code of Conduct forms part of the Council's Officers Handbook and is referred to in Officers contracts of employment with the Council.
- 3.6 Officers are reminded that under the Council's Officer's Code of Conduct they must declare any pecuniary interests in contracts that have been or are proposed to be entered into by the Council.
- 3.7 Officers are required to declare to their manager, and register with the Monitoring Officer, any potential areas of conflict between their duties and responsibilities whilst acting on behalf of the Council and any other areas of their personal or professional lives.
- 3.8 Gifts and hospitality must not be accepted by Officers other than in accordance with the provisions of the Council's Officer's Code of Conduct.
- 3.9 All Officers must be aware that they should raise any concerns under the Council's separate Whistle Blowing Policy.
- 3.10 All Officers must be aware that any theft, fraud, corruption or bribery against the Council is classed as gross misconduct under the disciplinary process.

Members

- 3.11 Members play an active role in ensuring good corporate governance and a commitment to support the Council's approach to anti-fraud and corruption. Members play a key role in linking to the residents of the District and promoting the Council's ethics and values within the community.
- 3.12 Members have a duty to protect the Council and public money from any act of fraud or corruption. Members discharge this duty by complying with the Constitution, the Members Code of Conduct, and Financial Regulations and other codes of practice and relevant legislation.
- 3.13 These matters are specifically brought to the attention of Members during their induction and include the declaration and registration of interests with the Monitoring Officer, potential areas of conflict between Members' Council duties and responsibilities and any other areas of their personal or professional lives.
- 3.14 The Members' Code of Conduct is approved by the Standards Committee and the Monitoring Officer, in consultation with that Committee is responsible for monitoring the effectiveness of these provisions and taking action in relation to complaints received about members conduct.

Audit Committee

- 3.15 The Audit Committee has a responsibility to review, monitor and challenge the Council's risk management processes including the management of identified fraud risks.
- 3.16 Members of the Audit Committee will receive regular reports from the Council's Section 151 Officer in relation to fraud cases and action taken including lessons learnt.
- 3.17 Members of the Audit Committee will challenge management where significant risks are identified in Internal Audit and other inspection reports.
- 3.18 Audit Committee will receive an annual report from the Section 151 Officer on fraud investigations undertaken over the year to include an assessment of how effectively the response plan has been followed; to review whether or not the response plan has been robust enough to react correctly to the allegation made; to review the results of the investigations and what actions if any need to be taken to ensure that nothing similar happens in the future; to follow up with the relevant officer the changes that need to be made to ensure they have been put in place; to ensure that lesson learnt are disseminated across the organisation.

Council and the Chief Executive

- 3.19 Individual Members have the responsibility to support and promote an anti-fraud culture but collectively the Council with the Chief Executive is ultimately accountable for the effectiveness of the Council's arrangements for preventing and detecting fraud and corruption. The Chief Executive is responsible for leading this process.

Section 151 Officer

- 3.20 The Corporate Financial Advisor has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has developed Financial Codes of Practice and Accounting Instructions which outline the system, procedures and responsibilities of Officers throughout the Council.
- 3.21 The Section 151 Officer authorises Internal Audit to examine financial and non-financial records of the Council and its partner organisations and requires Officers to provide its auditors with information or explanations that they need to know to effectively perform their duties.

Monitoring Officer

- 3.22 The Monitoring Officer has a statutory responsibility under Section 5 of the Local Government Housing Act 1989 in respect of monitoring the conduct of the Council's business. The Monitoring Officer is entrusted with ensuring that all decisions that the Council makes are within the law. The Monitoring Officer also has a key role to play in promoting and maintaining high standards of conduct amongst Members.
- 3.23 The Monitoring Officer maintains and promotes the Officer Code of Conduct.

Corporate Managers

- 3.24 Corporate Managers are responsible for promoting and implementing this strategy.
- 3.25 Corporate Managers should encourage Officers to raise any concerns they may have about fraud or corruption, in line with the Council's Whistleblowing Policy.

Team Managers

- 3.26 Team Managers are responsible for the management of fraud risks in their service areas, fraud risks must be managed in line with the Council's Risk Management Strategy.
- 3.27 The Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which included adequate separation of duties. Managers have to ensure that these controls are properly maintained and documented. Their existence and appropriateness is independently monitored and adhered to by Internal Audit.
- 3.28 Managers should ensure that Officers (including agency staff, volunteers and contractors) are aware of and regularly reminded about the Council's Anti-Fraud and Corruption Policy and procedures and Whistleblowing Policy.

Partners, Suppliers and Contractors

- 3.29 The Council's partners, suppliers and contractors need to be aware of the possibility of fraud and corruption against the Council and should ensure that there are adequate arrangements in place to minimise fraud and corruption and protect the public funds they are spending on behalf of the Council.
- 3.30 All partners, suppliers and contractors will be made aware of the Council's zero tolerance commitment to bribery and corruption. The Council's standard contractual terms and conditions include a prevention of corruption clause and will specifically make reference to the Prevention of Corruption Acts and the Bribery Act 2010. There is a further standard clause within our contracts concerning 'contractors awareness'. This requires contractors to be aware of, and abide by, the Council's Safeguarding, Whistleblowing and Anti-Fraud and Corruption Policies and any others that are brought to their attention.
- 3.31 The Council will need to be satisfied that all partners, contractors and suppliers will have in place their own adequate anti-fraud and corruption policies and procedures.
- 3.32 All partners, suppliers and contractors have a duty to report any suspected fraud or corruption that relates to Council funds as set out in the reporting and response plan as set out in Section 4.

Internal Audit

- 3.33 The Internal Audit plan provides time for reactive investigations as well as incorporating a number of annual Corporate Governance and Fraud

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Reviews, which include review of relevant policies and practices to ensure that internal controls are functioning effectively.

- 3.34 Internal Audit investigates fraud, corruption and other irregularities, where appropriate. The service also plays a key role in the prevention and detection of fraud and corruption. Internal Audit tests the internal controls that operate within the Council to ensure that they are adequate and recommend actions to address areas of weakness.
- 3.35 Internal Audit contributes to deterring fraud by working with other Local Authorities as part of the South West Audit Partnership, the Police and other professional bodies to ensure that the Council's anti-fraud and corruption arrangements are in line with best practice.
- 3.36 Internal Audit will report frauds to the Audit Committee and External Audit as appropriate.

Money Laundering Reporting Officer (The Monitoring Officer)

- 3.37 The Council's nominated Money Laundering Reporting Officer (MLRO) will review all reported money laundering allegations and decide whether the transaction / circumstances are suspicious and whether to make a report to the Serious Organised Crime Agency.
- 3.38 The MLRO will review the Money Laundering Policy and communicate this policy to relevant Officers.

Human Resources

- 3.39 HR has responsibility to ensure that effective controls are in place for the recruitment of new employees, including pre-employment checks and relevant Disclosure and Barring Service(DBS) checks.

Legal Services

- 3.40 Legal Services will provide advice and support during any investigation and any subsequent civil action to recover losses.
- 3.41 Legal Services are responsible for maintaining details of authorisations under the Regulation of Investigatory Powers Act 2000 (RIPA), where surveillance of persons is intended.
- 3.42 Legal Services will take the final decision about what action to take (e.g. if prosecution was appropriate having examined all relevant evidence/paperwork). Where larger or more complex cases arise it may be a case of referring the matter to the Police, this would be authorised by the Monitoring Officer or S151 Officer.

4. FRAUD REPORTING AND RESPONSE PLAN

4.1 The Council's Fraud Reporting and Response Plan can be seen at Appendix A.

4.2 The Council's Housing/Council Tax Benefits - Fraud Reporting and Response Plan can be seen at Appendix B.

5. DETECTION AND INVESTIGATION

5.1 The Council operates the Verification Framework for the processing of Housing Benefits and carries out 'Intervention' reviews in line with central government initiatives to reduce fraud and error. Since June 2015 any referral made in relation to Housing Benefit Fraud is referred to the Department of Work and Pensions for investigation. Mendip District Council retains a corporate fraud investigation officer within the Enforcement team who retains the remit to investigate corporate fraud offences and, if required, investigate Council Tax Reduction offences .

5.2 In addition to the regular data matching carried out as part of Internal Audits the Council participates in the National Fraud Initiative

5.3 Depending on 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.

5.4 Concerns relating to council tax or housing benefit fraud can be raised directly with the Council's Single Point of Contact Officer who will refer this to the Department of Work and Pensions.,

5.5 The Council's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour.

5.6 The Council will normally wish the Police to be contacted where financial impropriety is discovered. Referral to the Police is a matter for the Monitoring Officer or Section 151 Officer in consultation with Internal Audit and the Council would expect offenders to be prosecuted.

5.7 The Section 151 Officer and Monitoring Officer will be kept informed of the progress of the investigation. Wherever possible the person reporting a concern or incident will be informed of any investigation.

6. WORKING WITH OTHER AGENCIES

6.1 Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other agencies on

national and local fraud and corruption activity in relation to Local Authorities. These include:

- Police
- National Crime Agency
- Professional Auditing Bodies (local and national)
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- Chartered Institute of Public Finance and Accountancy (CIPFA)
- The Department for Work and Pensions (DWP)
- Benefits Agency
- The Inland Revenue
- National Anti-Fraud Network (NAFN)
- Other Local Authorities.

6.2 Information exchanged between such agencies is done in compliance with the Data Protection Act 1998 and other relevant legal requirements.

7. TRAINING AND RAISING AWARENESS

7.1 The Council recognises that the effectiveness of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of Officers throughout the organisation. To facilitate this, the Council will provide induction training for Members and particularly for Officers involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

7.2 Investigation of fraud and corruption centres on the Council's Benefits Investigation and Internal Audit teams. It is essential therefore, that Officers involved in this work should also be properly and regularly trained. The training plans of these Officers will reflect this requirement.

7.3 The Council recognises that the success and credibility of its Anti-Fraud and Corruption Policy will depend, to a significant degree, on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring this policy to the attention of Members, Officers (and other persons mentioned in paragraph 1.2) and members of the public. This policy will be available on the Council's web pages.

7.4 It is the responsibility of Managers to communicate the Anti-Fraud and Corruption Policy and to promote a greater awareness of fraud within their service areas.

8. WHISTLEBLOWING

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- 8.1 The Council is aware of the difficulties and conflicts that may arise for Officers and Members who suspect a colleague of fraud or corruption. It is nevertheless essential that all instances are reported without delay. It is incumbent on all Officers and Members to report instances or suspicions of fraud and corruption.
- 8.2 Wherever possible all instances reported will be treated in the strictest confidence and in extreme cases facilities exist to report anonymously. It is, however, impossible to guarantee anonymity, especially where disciplinary action or prosecution arises.
- 8.3 The Council is sensitive to the potential difficulties Officers and Members may face if they report an incident and subsequently have to continue working with the individual(s) concerned. The Council, therefore, will take every reasonable measure to ensure that no reprisals are taken against whistleblowers.
- 8.4 No one will be penalised for making an allegation that is subsequently proved to be groundless, where the allegation has been made in good faith. The Council will not, however, tolerate individuals making malicious allegations and disciplinary action may be taken against such persons.
- 8.5 The Council has a formally adopted Whistleblowing Policy which in part is included in a leaflet for Officers.

9. REVIEW

- 9.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. 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.
- 9.2 This policy will be reviewed by the Corporate Support Manager at least once every two years. If appropriate, it will be amended to maintain its relevance.
- 9.3 Further reviews will take place as necessary to reflect changes in legislation, guidance or standards.
- 9.4 If any person to whom this policy applies believes that there should be a change to any part of this policy, then he/she should make a recommendation for that change – either in writing or by email – to Monitoring Officer or Section 151 Officer.
- 9.5 Review of this policy will confirm the following:

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- 9.5.1 That the scope and content of the policy is still appropriate in the light of legal requirements and the Council's practical experience of dealing with fraud and corruption.
- 9.5.2 That training and awareness is being provided in accordance with the policy to ensure standards are still being met.
- 9.5.3 That all persons to whom this policy applies are aware of their responsibilities under this policy and all related legislation, guidance and standards.

10. EQUALITIES STATEMENT

- 10.1 The Council is committed to equality and fairness and aims to ensure that all groups and individuals within Mendip are treated fairly and given fair chances. No service user, Officer, contractor, sub-contractor, consultant, agency officers or Member will be discriminated against on the grounds of their sex, marital status, racial origin, disability, sexual orientations or political or religious beliefs.
- 10.2 This commitment extends to how this policy is applied both to those under investigation and those making their concerns known regarding fraud or corruption.

APPENDIX A

FRAUD REPORTING AND RESPONSE PLAN

Introduction

The Council's Anti-Fraud and Corruption Policy sets out the Council's commitment to standards of conduct.

Members of the public, Council Members and Officers are positively encouraged to raise any concerns about fraud, bribery, theft and corruption that they may have on these issues where they are associated with the Council's activities.

Concerns may be raised when it is reasonably believed that one or more of the following has occurred is in the process of occurring or is likely to occur

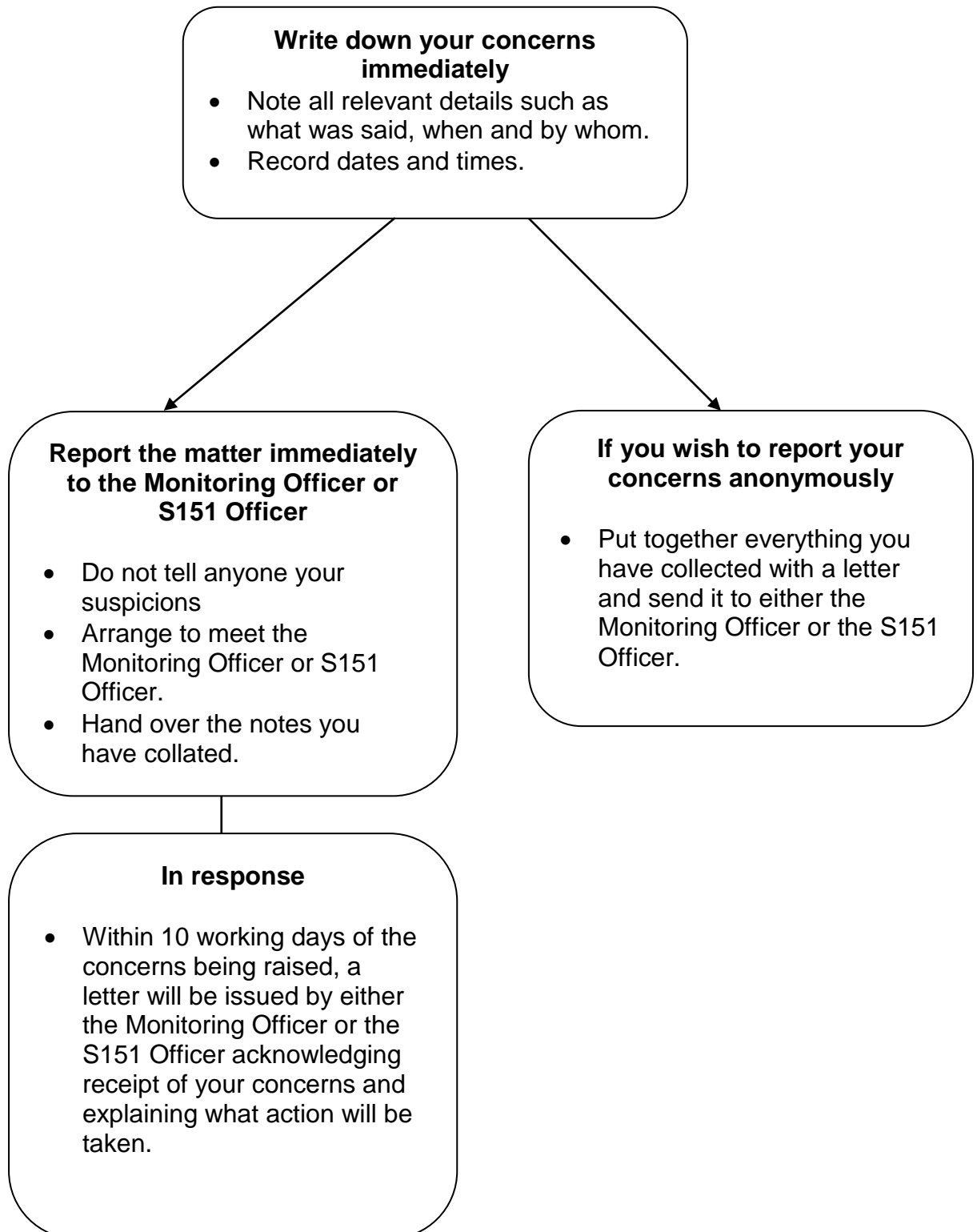
- A criminal offence
- A failure to comply with a statutory or legal obligation
- Improper unauthorised use of public or other funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering of an individual's health and safety
- Damage to the environment
- A deliberate concealment of any of the above.

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

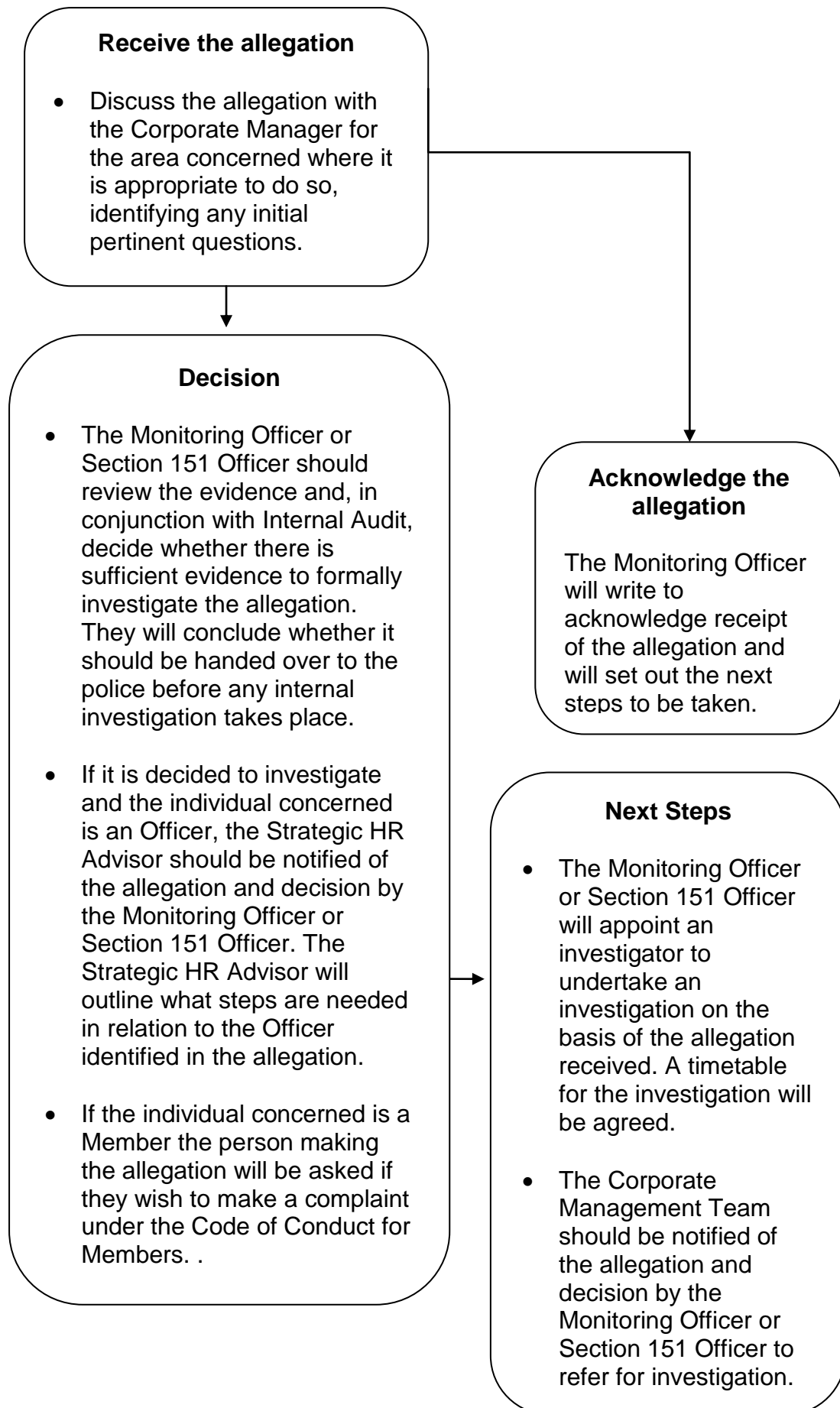
Procedures for reporting suspected benefit fraud and corruption if the matter refers to a Mendip District Council Officer or Councillor(the Procedure for reporting suspected benefit fraud by a member of the public) is set out at Appendix B.

The actions that are taken at the early stages when fraud is suspected can affect the success of any investigation. It is important that officers follow the guidelines set out as follows.

Action by the public, Members and Officers



Action by the Monitoring Officer and/or S151 Officer



After the investigation

