Audit & Governance Committee  
20th March 2013

Anti-Fraud and Corruption Policy

SYNOPSIS
To approve a revised Anti-Fraud and Corruption Policy for the Council.

1. Relevant Background Details
As part of a recent internal audit exercise, it has been identified that the Council’s Anti-Fraud and Corruption Strategy needed review. The current Policy was last updated in 2009. As a consequence a review has been undertaken and a new policy has been developed. This is a high level document and individual service areas, notably Revenues and Benefits and others have their own detailed protocols in their respective area, which conform to the principles contained in this policy.

2. Report
The current policy has been prepared in line with best practice and in consultation with principal users but designed to be a short, readable document that is consistent with corporate policy. It updates the existing policy.

It should be noted that Audit have indicated a need to ensure the Council’s Governance policies and procedures are up to date and “fit for purpose”. The updating of this policy, together with other policies and procedures under review will go towards meeting that objective.

Internal Audit has indicated that they are willing to provide training on Anti Fraud & Corruption issues etc. This training will be rolled-out to senior officers, middle managers and other appropriate staff during 2013/2014.

Senior Management Team considered this policy at its meeting on 7th March 2013.

3. Issues to be taken into account:-

Policy Priorities
As identified above the policy is in line with corporate policy and existing practice.

Financial
The policy does not have any specific financial direct consequences but clearly an effective policy should avoid unnecessary and fraudulent payments being made.

Human Rights
Care has been taken in drafting the policy to ensure the protection of human rights and equality of treatment this would need to be read in conjunction with the Council’s investigative powers policy to see how human rights are maintained when the policies are put into practice.

4. Recommendations
   i) That the Committee approve the revised policy.

Background Papers
None
List of Appendices
Revised Anti-Fraud and Corruption Policy

Wards
All

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Corby Borough Council Anti-Fraud & Corruption Policy

March 2013 Version

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Corby Borough Council Anti-Fraud & Corruption Policy

1. Statement of Intent

The Council aims to provide excellent public service and needs to ensure propriety and accountability in all matters. The Council is determined to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption, which will provide a framework for:

- Encouraging fraud deterrence and prevention
- Raising awareness of fraud and corruption and promoting their detection
- Performing investigations and facilitating recovery
- Invoking disciplinary proceedings and referral to Police, Department of Work & Pensions or other regulatory body
- Monitoring, publishing and updating the policy and its related procedures and performance

2. Definitions

2.1 Fraud

The Council regards "fraud" as being any intentional distortion of financial statements and other records, and the misappropriation of assets. This may involve:

- Falsification or alteration of accounting records or other documents
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Wilful misrepresentations of transactions or of the Council’s state of affairs

2.2 Corruption

The Council defines the term "corruption" as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers. Main areas of activity, which are susceptible to corruption may include:

- Contracts
- Asset disposal
- Planning consents and licenses
- Payment of Benefits
- Licensing

2.3 Housing Benefit and Council Tax Benefit Fraud

The Council, in relation to Housing and Council Tax benefits, regards fraud as "knowingly obtaining benefit to which there is no, or lesser, entitlement".

3. Elements of the Anti-Fraud and Corruption Strategy

The Council's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and related elements designed to frustrate any fraudulent or corrupt act. These elements are:-
3.1 Operating Culture

3.1.1 The Council is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life and is committed to the 7 Nolan Principles of objectivity, openness, leadership, accountability, honesty, selflessness and integrity.

3.1.2 The Council expects Councillors and employees to lead by example in ensuring opposition to fraud and corruption, and in ensuring adherence to rules and regulations, and to national and local Codes of Conduct, and that all procedures and practices are beyond reproach.

3.1.3 The Council requires all individual and organisations with whom it deals in any capacity to behave towards the Council with integrity and without intent or actions involving fraud or corruption.

3.1.4 Council employees and members of the public are important elements in the stance against fraud and corruption and are positively encouraged to raise any concerns they may have on these issues which impact on Council activities, through the Council Complaints Procedures.

3.1.5 Training and guidance is vital in maintaining the effectiveness of the Strategy for the Prevention and Detection of Fraud and Corruption and its general credibility. The Council supports induction and work related training, to ensure that their responsibilities and duties are regularly highlighted and reinforced and best practice is followed across all Council services.

3.1.6 Where appropriate, the Council co-operates with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption.

3.2 Deterrent and Preventative Measures

3.2.1 The Council's Standing Orders, Financial Regulations and Scheme of Delegations together with the Finance Procedure Rules set out a framework for dealing with the affairs of the Council and all employees have a duty to comply with their provisions.

3.2.2 Thorough documentation, including working manuals and operating procedures, is expected of all financial and operational systems and these must be issued to relevant staff. Every effort must be made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls, including the effective segregation of duties, and to deter fraudulent activity and detect error.

3.2.3 The adequacy and appropriateness of the Council's financial systems is independently monitored and assessed through internal and external audit. Senior Management is committed to continuously improving the systems for which it is responsible, both through their own self-assessments and by positive response to audit recommendations.
3.2.4 Councillors must have regard to the Corby Borough Council Members Code of Conduct (adopted 8.8.12) and acceptance of their appointment includes an undertaking to be guided by the Code.

3.2.5 Employee recruitment is required to be in accordance with Council approved procedures and, in particular, written references must be obtained, and other appropriate checks made, to confirm the honesty and integrity of potential employees before appointments are made.

3.2.6 Council employees are required to and are also expected to follow any Code of Conduct related to their personal professional qualifications.

3.2.7 Any offers of gifts or hospitality, which are in any way related to their Council duties, must be discussed by the Council employee with their line manager and acceptance of offers of gifts or hospitality may be required to be registered in line with Council policy. This is updated monthly in every service area and extends to all members of the Council.

3.2.8 Any fee, commission or any other payment collected or received by a Council employee, arising in any way from or through their Council employment, is not permitted to be retained except with consent of their Head of Service. Any employee in breach of these regulations may be liable to summary dismissal.

3.2.9 Council employees must declare any possible conflicts of interest which they may have in contracts entered into by the Council. This declaration must be brought to the attention of their line manager and/or Head of Service. Each HoS should ensure that any declarations are duly recorded and a copy forwarded to the Council’s Human Resources Section.

3.2.10 Council officers are subject to the approved Officer Code of Conduct (approved 17.07.12). Failure to follow the provisions of the Code may result in disciplinary action being taken by the Council against the officer(s).

3.3 Fraud Response Policy and Detection & Investigation Procedure

3.3.1 The Council will be robust in dealing with any financial malpractice, and can be expected to deal promptly and thoroughly with any person who attempts to defraud the Council or who engages in corrupt practices, whether they are Councillors, employees, suppliers, benefit claimants, tenants, landlords or unrelated third parties.

3.3.2 If members of the Council or its staff discover any fraud or irregularity that affects the affairs of the Council, they must immediately tell the Council’s Monitoring Officer or Director of Corporate Services who will oversee and arrange for an investigation to be carried out where appropriate. The Monitoring Officer or Director of Corporate Services may call on the services of staff within the Council to assist him/her with the investigation.

3.3.3 Where a benefit fraud has been committed by a member of staff who has by the nature of their employment access to the benefit system the investigation will be carried out by the Monitoring Officer. In all other cases of benefit fraud the Benefit Fraud Team will be responsible for the investigation.

3.3.4 The Benefit Fraud Team will be notified of any investigation carried out by the Monitoring Officer or any other internal officer or agency into benefit fraud by an employee with access rights.
3.3.5 Depending upon the nature of the investigation, the investigator will normally work closely with management and other agencies such as the Police, to ensure that all matters are properly investigated and reported upon.

3.3.6 The Council's Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour on part of employees.

3.3.7 Where loss has been suffered through fraudulent activity, the Council will pursue the perpetrator for recovery, including taking appropriate legal action.

3.3.8 The Director of Corporate Services or the Monitoring Officer will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed.

3.3.9 The Director of Corporate Services and the Monitoring Officer is responsible for the smooth running of this policy and where clarification is required his or her decision will be final.

3.4 Housing Benefit and Council Tax Benefit Fraud

3.4.1 Housing Benefit & Council Tax Benefit Fraud Detection & Prevention

The Council is fully committed to ensuring that Housing Benefit and/or Council Tax Benefit is awarded only to those claimants who have an entitlement and that procedures and processes are in place to verify the circumstances of claimants before making any awards.

The Council is committed to developing and implementing measures to prevent and detect benefit fraud.

The Council has invested resources in establishing a Benefits Investigation Section dedicated to the identification, investigation and prevention of benefit fraud. This team will work with and, where appropriate under the terms of the Data Protection Act, make use of information available from other agencies such as the Benefits Agency, Department of Work and Pensions (DWP), Inland Revenue and other Councils to detect and prevent benefit fraud.

All Council staff involved in the administration of benefits will be given fraud awareness training, refreshed on a regular basis, to ensure they have an effective role in the identification of potentially fraudulent claims which will be referred to the Benefits Investigation Section.

3.4.2 Benefit Fraud Prosecution Policy

The Council recognises that the submission of incorrect or incomplete information by an individual or individuals in order to fraudulently obtain benefit is a criminal offence and that in every case consideration will be given to preparing cases for submission to the Police or direct to the Legal Section of the Council or the Department for Work & Pensions for prosecution.

In reaching a decision on whether or not to prosecute the Benefits Investigation Manager, in conjunction with the Director of Corporate Services, will consider the following criteria:

- the value of the benefit obtained by fraud.
• whether there is sufficient evidence of false information.
• whether there is sufficient evidence of fraudulent intent.
• the quality of evidence available to determine whether fraud was committed.
• whether a prosecution would be in the public interest because of its deterrent effect.
• any previous offences against the Council.
• social factors including the age and disability of the offender.
• literacy problems including illiteracy, dyslexia, language/learning difficulties.

3.4.3 Administrative Penalties

The Council will consider financial penalties, as an alternative to a criminal prosecution, in cases where the criteria for prosecution have been fulfilled but the offender’s personal circumstances indicate that a financial penalty would be a more suitable sanction.

This provision is in accordance with the Social Security Administration (Fraud) Act 1997, which allows the Council to administer a penalty. If the penalty is not accepted by the offender as the alternative remedy, the case will be referred back for prosecution as will any case where the offender had agreed to pay an administrative penalty but subsequently fails to keep the agreement. The penalty is 30% of the amount of benefit fraudulently obtained in addition to repayment of the benefit itself.

The officer responsible for authorising administrative penalties shall be the Benefits Investigation Manager.

3.4.4 Administrative Cautions

When a decision not to prosecute or issue an administrative penalty is arrived at an administrative caution may be offered. This is likely when the offence is considered minor and the amount of the overpayment is low.

If the caution is not accepted the case may be referred back for prosecution.

The officers responsible for authorising administrative cautions shall be the Benefits Investigation Manager.

3.4.5 Landlord Fraud

• The Council will, where adequate evidence is obtained, ensure that any landlord that is shown to be involved in initiating a Housing or Council Tax Benefit fraud will be considered for Prosecution.
• If a series of claim irregularities are identified for a specific landlord and that landlord is in receipt of direct payment of Housing Benefit, consideration of their suitability to receive such payments will be considered under the Social Security Administration Act.
• A regular programme of random visits to properties will be made by the Benefit Investigation Team and if any irregularities are discovered then the landlord concerned will be interviewed and appropriate follow up action taken.
• Records will be maintained to ensure that where a landlord owns several properties that have recipients of Housing/Council Tax Benefit, these properties are cross-referenced in order to maintain a clear portfolio of properties.
• When an irregularity is identified at a specific property and it is considered that the landlord may be aware of the irregularity, all other properties owned by that landlord will have an immediate programme of visits to ensure the legality of those claims.
• Where information is requested from a landlord under the Social Security Administration (Fraud) Act 1997 and the information is not provided the case will be passed on for consideration of prosecution.

4. Review

4.4.1 The Council will ensure, working with the Council’s Corporate Services department that all arrangements for detection of fraud and corruption and enforcement flowing from this are fair and are monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity.

4.4.2 To this end, the Council maintains a continuous review of these arrangements through, in particular the Council’s Senior Management Team and Corporate Management Team, through the Council’s Audit & Governance Committee and working with internal external auditors.