

## **POLICY TITLE**

Counter Fraud and Corruption Policy

## **REVISION DATE**

February 2009 – Cabinet Approved 24<sup>th</sup>

## **REPLACES**

Counter Fraud and Corruption Policy *and* Counter Fraud and Corruption Strategy September 2006.

## **SCOPE**

This policy applies to

- All South Holland District Council staff and Councillors
- Council partners, contractors, suppliers and consultants
- South Holland District residents

## **POLICY AIM**

- To reduce the level of fraud and corruption within the Council to an absolute minimum.
- To protect public resources from loss due to fraud and thereby achieving the best possible value for money.
- To promote South Holland as an open and honest Council that will not tolerate fraud, promoting a zero tolerance of fraud and corruption

## **EXECUTIVE SUMMARY**

South Holland District Council is wholly opposed to all forms of fraud, corruption or theft. We will take action against anyone who attempts to defraud the Council, whether they are our own employees or Councillors, external organisations or members of the public. To deliver the aims of this policy we will:

1. Accurately identify the risk of fraud
2. Create and maintain a strong counter fraud culture
3. Take action to deter, prevent and detect fraud, investigate and apply sanctions and seek redress where fraud is proven
4. Record and report our outcomes

## **POLICY STATEMENT**

The Council is committed to preventing and detecting all forms of fraud, corruption and theft. We will take action against anyone who attempts to defraud the Council, whether they are our own employees or Councillors, external organisations or members of the public.

The Council's Vision is to develop South Holland as a thriving, living and working rural community. We recognise our duty to provide value for money quality services to the community and expect all our Councillors and staff to lead by example, working to the highest standards and safeguarding the public resources they are

responsible for. We will adopt a risk based approach to eradicating fraud, corruption and theft and promote zero tolerance.

### **What we mean by Fraud and Corruption**

This policy outlines our approach to eradicating fraud, corruption and theft. Throughout this policy, these terms are defined as:

- Deliberately falsifying substituting or destroying records for personal gain;
- Intentional breaches of financial regulations and procedures;
- The offer, giving or acceptance of inducements to influence action or decisions by the Council
- Abuse of position as employee to benefit friends, family or others
- Use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party
- Theft of funds or assets from the Council or its partners.

The act of attempted fraud will be treated as seriously as actual fraud.

### **Responsibilities**

<b>Stakeholder</b>	<b>Specific Responsibilities</b>
Chief Executive	Accountable for the Council's overall Governance arrangements including the procedures and effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	Advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Head of Finance (Section 151 Officer)	To ensure that effective procedures are in place to investigate promptly any fraud or irregularity. To evaluate the adequacy and effectiveness of internal controls designed to secure assets and data and to assist management in preventing and deterring fraud and abuse and to examine the whole system of internal controls and not just the financial controls.
Governance and Audit Committee	To monitor the Council's policies and consider the effectiveness of the arrangements for countering Fraud and Whistleblowing
Standards Committee	To promote, monitor and enforce probity and high ethical standards within the District Council and Town and Parish Councils within the district of South Holland.
Performance Monitoring Panel	To review and scrutinise the decisions made by the Cabinet and Council officers, and monitor performance in relation to countering Fraud and Whistleblowing.
Fraud Liaison Group	To ensure that there is corporate approach to countering Fraud and Whistleblowing.
Councillors	To support and promote the development of a strong counter fraud culture.
Portfolio Holder for Risk	To champion and promote the development of a strong counter fraud culture.

External Audit	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Provide resources to implement the Council's counter fraud policy and for the prompt investigation of suspected fraud and irregularities. To ensure that action is taken to improve controls and reduce the risk of fraud.
Managers	Identify the risks to which systems, operation and procedures are exposed; developing and maintaining effective controls to prevent and detect fraud; ensuring controls are complied with. Notify the Head of Finance immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, taking all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns immediately to the Head of Finance.
Benefit Fraud Team	To provide an effective and efficient benefit fraud service for the Council
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions.

### **Our Approach:**

To deliver the aims of this policy we will:

- Accurately identify the risk of fraud
- Create and maintain a strong counter fraud culture
- Take action to deter, prevent and detect fraud, investigate and apply sanctions and seek redress where fraud is proven.
- Record and report our outcomes

### **1. Identifying Risk**

We will assess the level of risk exposure to fraud in the Council and direct resources to counter fraud and corruption proportionate to the risk. Using a model of past experience of fraud, opportunity for fraud and experiences of other Councils we will target high risk areas for investigation and strengthen systems.

### **2. Culture**

We aim to be an organisation that is open and honest, where everyone is alert to the risk of fraud and acts to eradicate it. We work to a corporate framework that identifies responsibilities for decision making and rules of procedure and ensures the highest standards of conduct are practised by staff, Councillors and all those we do business with.

We recognise the importance of due diligence when appointing staff, carrying out relevant checks on references and qualifications and providing appropriate training.

We will continue to raise awareness of the risk of fraud among staff, Councillors and the wider community; we will make them aware of their responsibilities and encourage the reporting of suspected fraud.

### **3. Take action**

#### **Deter**

The knowledge that we will always act robustly and decisively against fraud is the strongest deterrent. We regularly publicise the results of successful fraud investigation, including prosecutions and the recovery of any losses.

#### **Prevent**

Our systems are designed to meet key control objectives and minimise the opportunity for fraud. We will continue to review systems and make sure appropriate internal controls are in place and are adhered to and implement improvements.

#### **Detect**

Through our Corporate Risk Management framework and risk based Internal Audit reviews we will identify potentially vulnerable areas. Under our codes of conduct employees and Councillors must immediately report any suspected cases of fraud and corruption. Members of the public, contractors and partners are encouraged to raise their concerns with protection afforded under our Whistleblowing policy. We work with other agencies to share information.

#### **Investigate**

Once fraud is detected it will be investigated promptly and professionally, by trained staff. All employees Councillors, partners and contractors have a duty to assist by providing access to the necessary records and we cooperate with other public agencies to share intelligence and assist investigations.

We will keep up to date with national developments and learn from our own experiences and continuously review and improve our counter fraud approach.

#### **Sanctions**

We will seek the strongest available sanctions against any individual or organisation who commit fraud against the Council. We will apply the full range of sanctions consistently and fairly, taking a cost effective approach, making robust and transparent decisions. This will include prosecution, civil proceedings and disciplinary action. We expect contractors and partners to take similarly robust sanctions.

#### **Redress**

Our commitment to protecting the public funds we are entrusted with includes seeking to recover any financial losses to the Council and rigorous pursuit of debtors.

We will publicise the outcome of successful investigations.

#### 4. be successful

The success of a risk based professional approach to counter fraud and corruption is measured by clear outcomes. We will quantify the level of fraud prevented and detected and set annual targets.

### **POLICY CONSULTATION**

Directors and Heads of Service, Portfolio Holder, Benefits and Revenues Manager, Fraud Officer, Risk Manager, OD Operational Manager.

### **IMPLEMENTATION**

Heads of Service are responsible for making sure that all staff are familiar with the content of this policy. Under its terms of reference it is the role of the Governance and Audit Committee to review the Council procedures, incidences and actions for handling allegations from whistleblowers; and Counter fraud and corruption strategy.

The Head of Finance as Section 151 Officer is responsible for making sure that the Council has control systems and measures in place and is accountable for the implementation of this policy.

There is also a Fraud Liaison Group who also meet to ensure that there is a consistent approach across all services, the Monitoring Officer, Section 151 Officer and Head of Organisational Development sit on this group.

There is a source of support for Fraud under the Council's Internal Audit Contract.

Communication plans and training are very important in highlighting awareness and Directors and Heads of Service have a key role to play in making sure this happens.

### **MONITORING**

The policy will be monitored in the following ways:

<b>MONITORING ACTIVITY</b>	<b>PERSON RESPONSIBLE</b>
Incidence of fraud	Head of Finance and Governance and Audit Committee, Fraud Liaison Group
Achievement against target	Head of Finance and Governance and Audit Committee
Annual Governance Statement	SMT and the Governance and Audit Committee

### **RELATED POLICIES**

Whistleblowing  
Anti Money Laundering Policy  
Prosecutions/Sanctions Policy

Members Code of Conduct  
ICT Security Policy  
Financial Regulations  
Benefit Fraud Policy  
Officers Code of Conduct

