

Chorley Council Anti Fraud & Corruption Strategy



CONTENTS

	PAGE NUMBER
INTRODUCTION	4
ROLES AND RESPONSIBILITIES	7
DEFINITIONS	9
REPORTING PROCEDURES	10
SANCTIONS	11
COMMITMENT	11

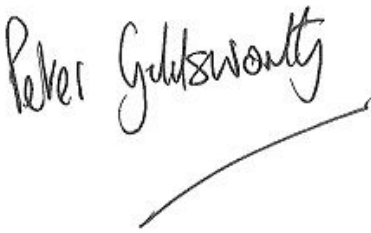
FOREWORD

The importance of public confidence in the way in which we conduct the business of Local Government cannot be underestimated. Be it the public decisions made at Council meetings or the operational decisions made in the ordinary course of Council affairs the public have to believe that these processes are underpinned by the principles of transparency and honesty. We must guard against complacency; it would only take one act of fraud by an individual to undermine all the hard work that this Council have done to build public confidence.

We recognise that, due to the procedures that we have adopted, the opportunities to commit fraud or participate in an act of bribery are few. However, where corruption is suspected this policy will provide a framework for dealing with any allegations.

Chorley Council takes the issue of corruption extremely seriously. We have fostered a culture of integrity where fraud and bribery are unacceptable. This policy forms part of this approach. It is important therefore, that all staff and Councillors take time to read this policy and adopt the principles on which it is based.

Thank you



.....
Cllr Peter Goldsworthy
Leader Chorley Borough Council



.....
Gary Hall
Chief Executive

"Chorley Council is committed to combating Fraud and Corruption and a culture that promotes the highest standards of integrity and accountability."

1. INTRODUCTION

- 1.1 Chorley Council is committed to combating Fraud and Corruption and promoting a 'zero tolerance culture', whether the perpetrators are internal or external to the Council. It clearly links with the Corporate Priorities, especially to provide 'Safe Respectful Communities' and 'Deliver Excellent Value for Money'. All Employees, (including casuals, temporary and agency staff), Elected Members, Partners, Contractors and Suppliers of goods and services are expected to demonstrate integrity, accountability and high ethical standards. The Council has adopted an Equality and Diversity in Employment Policy to which all Employees are required to adhere.

The Council is very mindful of the increased importance of working with partners in all areas of its activities. In these circumstances the Council shall ensure that its partners and all companies with whom it is contracted, will be fully informed of the procedures it has in place to combat fraud.

- 1.2. The public is entitled to expect Local Government Employees and Elected Members to adhere to their respective Codes of Conduct, to conduct themselves to the highest standards, with the utmost integrity and in a manner which avoids the possibility of any suspicion arising whereby they could be influenced by improper motives. Fraud and Corruption should be thought of in terms of a reputational risk not solely a financial risk.
- 1.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) provided guidance describing actions needed for organisations to be effective in countering fraud and corruption. In addition, the Council focuses on fraud risks identified in the Audit Commission's national report, Protecting the Public Purse.
- 1.4 The Nolan Committee was set up in November 1994 by the Prime Minister (John Major), to look into the Standards in Public Life. The 'Seven Principles of Public Life' summarised the Committee's conclusions. In addition, the Standards Board for England advised that the Relevant Authorities (General Principles) Order 2001, listed ten general principles, incorporating the seven proposed by the Nolan Committee. Although they are addressed to Elected Members, the principles are equally applicable to Employees. Chorley Council endorses these principles which are listed below.

SELFLESSNESS

Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

HONESTY AND INTEGRITY

Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

OBJECTIVITY

Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

ACCOUNTABILITY

Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

OPENNESS

Members should be as open as possible about their actions and those of their Authority and should be prepared to give reasons for those actions.

PERSONAL JUDGEMENT

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

RESPECT FOR OTHERS

Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the Authority's statutory officers and its other employees.

DUTY TO UPHOLD THE LAW

Members should uphold the law and on all occasions act in accordance with the trust that the public is entitled to place in them.

STEWARDSHIP

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

LEADERSHIP

Members should promote and support these principles by leadership and by example and should act in a way that secures or preserves public confidence.

1.5. This Strategy applies equally to all Employees and Elected Members and aims:

- to promote an anti-fraud culture throughout the Council;
- to ensure that concerns are properly raised and addressed;
- to deter serious malpractice;
- to protect the Council's reputation;
- to demonstrate accountability in line with the highest standards of Governance; and
- to reduce losses to fraud and corruption to an absolute minimum.

1.6 Chorley Council endeavours to prevent and detect fraud by working with / towards or having the following in place:

- Effective Internal and External Audit;
- An effective system of Internal Control to reduce the risk of fraud;
- Detecting and stopping fraud;
- A Fraud Hot Line within Internal Audit for reporting by internal and external customers;
- Senior officers responsible for authorising Regulation of Investigatory Powers Act 2000 (RIPA) forms;
- Local Code of Corporate Governance;
- Annual Service Assurance Statements;
- A Policy Statement and Strategy to embed Risk Management;
- Raising awareness of fraud and corruption via the Risk Management Framework;
- Audit Commission's National Fraud Initiatives (NFI) and other Data Matching exercises;
- Membership of the National Anti – Fraud Network (NAFN);
- Sharing of information and data between Services and External Organisations;
- Housing Benefits Matching Service;
- Liaison with the Police and other Anti-Fraud agencies;

- Provision of trained investigators;
- Specific initiatives relating to Benefits, e.g. Verification Framework; Fraud Hotline; Data Analysis Exercise, the Security against Fraud and Error (SAFE) initiative and the Proactive Exercises for the Prevention of Benefit Fraud;
- CIPFA Code of Practice for Treasury Management;
- Recruitment and Selection process;
- Corporate and Service Induction and awareness sessions (for Employees and Elected Members);
- Gifts and Hospitality Registers (for Employees and Elected Members);
- Performance Management Framework;
- Project Management Guidance;
- Disciplinary Procedure;
- Promotion of a zero tolerance culture;
- Being visibly active against fraud, which acts as a significant deterrent;
- Fraud Awareness sessions available for Employees and Elected Members;
- Recovering fraudulently claimed overpayments and other losses;
- Prosecuting offenders or if appropriate, the administration of an official caution.

1.7. This Strategy supplements a range of inter related policies and governance arrangements to provide a corporate framework to counter fraudulent activity, including:

- The Council's Constitution which includes Standing Orders, Contract Procedure Rules, Financial Regulations and Financial Procedure Rules;
- Audit Committee;
- Scrutiny Committee;
- Standards Committee;
- Annual Governance Review;
- Local Code of Corporate Governance;
- Codes of Conduct for Employees and Elected Members
- Registers of Interest;
- Scheme of Delegation;
- Codes of Conduct relevant to individual Professional bodies;
- Whistleblowing Policy; *
- Conditions of Service;
- Complaints Procedure;
- Corporate Prosecution Policy;
- Anti-Fraud and Corruption Strategy;
- Proceeds of Crime (Anti Money Laundering) Policy and Guidance;
- Information Technology and Communication Policies which include:
 - Email, Internet and Telephone Acceptable Use Policy;
 - Information Security Framework;
 - Retention Guidelines;
 - Data Protection Policy; and the
 - Freedom of Information Policy.
- Chorley and South Ribble Joint Procurement Strategy;
- Equality and Diversity in Employment Policy.

8.1 This Strategy encompasses all fraud including Money Laundering and Housing and Council Tax Benefit fraud.

2. ROLES AND RESPONSIBILITIES

SECTION 151 OFFICER

- 2.1 The Section 151 Officer, has a statutory duty under Section 151 of the Local Government Act 1972, to ensure that there are proper arrangements in place to administer the Council's financial affairs.

STANDING ORDERS AND FINANCIAL PROCEDURE RULES

- 2.2 The Council provides clear instructions and guidance to officers for undertaking the Council's functions and responsibilities, through its Standing Orders, Contract Procedure Rules and Financial Procedure Rules.

MANAGEMENT

- 2.3 The primary responsibility for implementing and maintaining effective internal control and arrangements to prevent and detect fraud and corruption rests with Management at all levels. To safeguard the resources and assets within their service, the effectiveness of controls should be monitored and suspicion of fraud and / or irregularity promptly reported.
- 2.4 Management should ensure that their staff have access to and understand the Council's Contract Procedure Rules and Financial Procedure Rules.
- 2.5. All Directors and Heads of Service are required, annually, to complete a Service Assurance Statement in relation to the effectiveness of the control environment, including the prevention of fraud and corruption, within their area of responsibility. These statements inform the Annual Governance Statement.

EMPLOYEES

- 2.6. All employees (including casuals, temporary and agency staff) are expected to conduct themselves in a manner that is beyond reproach, above suspicion, open and accountable. They all have a responsibility to adhere to the Code of Conduct for Employees, legislation, formal policies and strategies and to instructions given to them by managers, whether written or verbal. In addition, they must abide by the Codes of Conduct of their respective professional bodies.

They have an obligation to report any suspicion of fraud or irregularity, via contacts as noted in the Council's Whistleblowing Policy.

Although it could occur in any area, the following are some examples of where there is significant risk of fraud and corruption occurring:

- Housing Benefits;
- Housing Improvement Grants;
- Contracts / Suppliers / Partnerships / Land Sales;
- Payroll;
- Flexi time system;
- Ordering and payment of goods and services (procurement);
- Electronic Procurement and Payments;
- Recruitment and Selection.

The risk of fraud and corruption is enhanced where Employees, Elected Members, Partners, Contractors and Suppliers are in a position of trust and responsibility, without effective monitoring or supervision.

INTERNAL AUDIT

- 2.7 The Accounts and Audit Regulations 2011, (section 4) stipulate that the Council 'must conduct a review at least once in a year of the effectiveness of its system of internal control, and report to the relevant Committee', i.e., Audit Committee.

Section 6, states that the Council 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. In addition the Council must 'conduct a review of the effectiveness of its internal audit'. The findings of this review are to be included in the report to Audit Committee.

The existence of an effective Internal Audit Service is a prime deterrent against fraud and corruption.

- 2.8 It is a role of Internal Audit to have regard to the possibility of malpractice and to identify serious defects in internal control, which may permit irregularities to occur. To support this, anti fraud and corruption work is undertaken annually and considered during each review.
- 2.9 Weaknesses identified as a result of a fraud investigation will be formally reported to the relevant Director / Head of Service and management actions to strengthen controls will be recommended. Implementation will be monitored via Internal Audit's management action follow up process. Strategy Group and the Audit Committee will also receive periodic reports of outstanding / non-implementation of management actions.
- 2.10 **FRAUD HOT LINE:** 01772 625251 is in place to enable out of hours confidential reporting of suspected fraud and / or corruption.

EXTERNAL AUDIT

- 2.11 The role of the External Auditors is to safeguard public funds. The Council's External Auditors have specific responsibility for examining arrangements for the prevention, detection and investigation of fraud and corruption.

STANDARDS COMMITTEE

- 2.12. The Council has a Standards Committee for Elected Members, which has a duty to promote and maintain high ethical standards.
- 2.13. The Local Government Act 2000, as amended by the Local Government and Public Involvement in Health Act 2007, provides that the Standards Committee can refer complaints that an Elected Member has breached the Code of Conduct to the Monitoring Officer (the Head of Governance), for investigation or other action. The Monitoring Officer may delegate the investigation to another officer. However, the investigation should be conducted in accordance with the guidance provided and the principles by which the former Standards Board for England conducted its investigations.

BENEFIT ENQUIRY UNIT

- 2.14. In relation to Housing and Council Tax Benefits, the Council is committed to a pro-active approach to preventing, detecting and minimising all losses of public funds resulting from acts of fraud. Responsibility for the investigation of Benefit fraud rests with the Benefit Enquiry Unit.

BENEFIT FRAUD HOTLINES

Suspected Benefit Fraud can be reported confidentially on any of the following three numbers:

The Council's Benefit Fraud Hotline staffed by trained investigators (9am – 5pm) 01257 515423;

The Councils General Enquiry number 01257 515151:

The National Fraud Hotline: 0800 854 440

Reports may also be made via the Council's website: www.chorley.gov.uk either by e-mail or by completing an on line benefits fraud reporting form.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

- 2.15. As part of the Induction process, all new Employees are informed of the existence and location of the Anti-Fraud and Corruption Strategy and the Whistleblowing Policy.
- 2.16 Newly Elected Members are also made aware of and expected to sign up to the relevant governance documents as part of their induction programme.
- 2.17. All applicants who have been offered a post with Chorley Council are subject to rigorous pre employment screening including medical clearance, verification of qualifications and previous employment. In addition, criminal record checks are completed for appropriate posts.

3. DEFINITIONS

- 3.1. Irregularities that are criminal offences fall within the following broad categories:

THEFT	The dishonest taking of property belonging to another with the intention of depriving the owner permanently of its possession;
FRAUD (Fraud Act 2006)	Fraud by: false representation; failing to disclose information; abuse of position.
BENEFIT FRAUD	Involves having a pecuniary interest in a Benefit claim and knowing that the claim is based on incorrect information.
THE BRIBERY ACT 2010	The Act creates two general bribery offences: Offering, promising or giving a bribe; and Requesting or receiving a bribe. In addition there are two specific offences: Bribery of a foreign public official; and Failure of commercial organisations to prevent bribery (as it is a corporate offence, it is not directly applicable to local authorities). A bribe does not have to be a cash payment, just some advantage.

- 3.2. There are other irregularities or improper practices, which may tarnish the Council's reputation and / or attract criticism or embarrassment. These include:

- Failure to observe, or breaches of, Standing Orders, Contract Procedure Rules, Financial Procedure Rules, Scheme of Delegation and the Codes of Conduct for Employees and Elected Members;

- Failure to observe, or breaches of, legislation, e.g. Data Protection Act; Human Rights Act; Housing Benefits Regulations, Equality Act and the Computer Misuse Act;
- Failure to observe, or breaches of, the Council's / Service's Policies, Procedures or Practices, e.g., Email, Internet and Telephone Acceptable use Policy, which in some circumstances can constitute an irregularity;
- Failure by Employees and Elected Members to properly declare interests, which may materially affect the carrying out of their respective roles, as laid down in the relevant Code of Conduct.

A breach of any of the above may lead to the Council's Disciplinary process being invoked.

4. **REPORTING PROCEDURES**

Fraud committed by Council Employees

4.1 *IRREGULARITIES*

Financial Regulation and Financial Procedure Rules Appendix 4 states that:

(3.51) It is the responsibility of the Chief Finance Officer to ensure that all suspected irregularities are reported to the Head of Internal Audit, the Head of Paid Service, the Executive and the Audit Committee.

(3.52) It is the responsibility of Chief Officers to ensure that all suspected irregularities are reported to the Chief Finance Officer and

(3.54) to ensure that where financial impropriety is discovered, the Chief Finance Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called to determine with the Crown Prosecution Service whether any prosecution will take place.

- 4.2 As a first step employees should raise their concerns with their line manager or service head, as outlined in the Council's Whistleblowing Policy.
- 4.3 If employees feel they are unable to raise the matter with their line manager or service head then they should contact the Monitoring Officer or the Head of Human Resources. Under the Council's Financial Procedure Rules, if an employee discloses any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources these officers will be required to refer the matter to the S151 Officer.
- 4.4 The Head of Shared Assurance Services will normally act as the delegated officer representing the S151 Officer. After consideration of the facts and initial evidence, the Head of Shared Assurance Services, in consultation with the Chief Executive will then decide what action and further consultation is necessary.

It is imperative to avoid any action, which may compromise any subsequent internal or external investigation.

- 4.5 The following should be determined:

- Whether there is any substance to the matter and therefore a need to continue the investigation;
- Whether there is sufficient evidence to support disciplinary or legal proceedings;
- Whether there is a need to suspend an employee alleged to have committed an offence.

- 4.6 Should the irregularity involve a Benefit Claim, it should be reported to the Senior Enquiry Officer (Benefit Enquiry Unit) for further investigation. In these circumstances, if the irregularity involves an Employee or an Elected Member, it should also be reported to the Head of Shared Assurance Services.

- 4.7. Any investigations carried out in relation to Employees' irregularities are entirely separate from, and do not form part of, the Council's disciplinary procedures. Following the completion of an irregularity investigation and subsequent report, it is possible that the internal disciplinary procedure may be initiated.
- 4.8 The Council's Disciplinary Policy states that fraud is classed as Gross Misconduct. It allows for an Employee to be dismissed, following consultation with Human Resources, without recourse to the progressive disciplinary procedure.

Fraud committed by Elected Members

- 4.9 Behaviour of Elected Members, including compliance with the law, is governed by the Code of Conduct for Elected Members.
- 4.10 Should an Employee suspect an Elected Member of an irregularity, he/she should report their concern to the Monitoring Officer, (Head of Governance) and the Head of Shared Assurance Services.

Fraud committed by Individuals External to the Organisation, including, Partners, Contractors and Suppliers

- 4.11 The Council is committed to combating fraud and corruption from all sources, both internal and external to the organisation. Standards of behaviour and probity expected of companies and organisations employed by the Council and those in partnership with the Council, should be as high as those expected of Council Employees and Elected Members.
- 4.12 All of the Council's written contracts should contain a clause that will enable the Council to cancel the contract on the grounds of impropriety, and recover any loss resulting from the cancellation.

Reporting suspicion of Money Laundering

- 4.13 All suspicions of Money Laundering should be reported, without delay, to the Money Laundering Reporting Officer (MLRO).

5.0. SANCTIONS

- 5.1 Where fraud and/or corruption are proven, the Council's Disciplinary process will be applied, or criminal/civil proceedings may be instigated. Every opportunity to recover financial losses will be explored including, where appropriate, the use of procedures set in the Proceeds of Crime Act 2002.
- 5.2. The Council will optimise publicity opportunities associated with anti-fraud and corruption activity. Successful prosecutions may be reported to the media.

6.0 THE COMMITMENT

- 6.1 The Council acknowledges the effect that fraud and corruption can have on its reputation, public funds and staff morale. This document outlines the Council's stance on the prevention and detection of fraud and corruption and its aim to maintain and promote the highest standards of Governance.
- 6.2 The prevention of fraud and corruption is the responsibility of all Employees and Elected Members. We all need to be aware of the opportunities for fraud and corruption and be vigilant in ensuring that effective controls are in place and adhered to.
- 6.3 The Council has systems and procedures in place to assist it in the prevention of fraud and corruption. An overview of these arrangements is maintained through the roles of the Monitoring Officer, (Head of Governance), the Section 151 Officer, (Chief Executive), Internal Audit and External Audit.
- 6.4 The Council will liaise with other agencies and organisations to investigate any detected or suspected irregularities.

- 6.5 This document will be reviewed on an annual basis by the Head of Shared Assurance Services. Should substantial revisions to the Strategy be necessary, it will be presented to the Audit Committee for approval. Following approval, the Strategy will be put on the Authority's website and the Loop.
- 6.6. Fraud Awareness Training for all Elected Members and Employees, will be undertaken following substantial revisions to the Strategy. In addition, training will be included within the Member Induction Programme, following elections.

2012

**Whistleblowing Policy*

This document provides employees and those external to the Authority with guidance should they wish to raise serious concerns within the Council. It was introduced in response to the Public Interest Disclosure Act 1998.

**Fraud Response Plan.*

This document details the procedures for conducting an investigation and reporting on the outcome.