



Anti-Fraud & Corruption Policy

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1. Introduction.

Context

- 1.1 Fraud affects the UK across all sectors and causes significant harm. The Annual Fraud Indicator 2023 published by Peters & Peters Solicitors in conjunction with national audit, tax advisory and risk firm Crowe and the University of Portsmouth Centre for Cybercrime and economic Crime, indicated:-
- Private sector losses are estimated at £157.8 billion, from just £14 billion in 2017
 - Public sector fraud losses amount to about £50.2 billion
 - Frauds committed directly against individuals, including marketing fraud and identity fraud, is around £8.3 billion
 - The total cost of fraud has risen from about £190 billion in 2017 to almost £219 billion in 2023.
- 1.2 The Council employs around 6900 staff and spends around £700m per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.
- 1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.
- 1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

- 1.5 The Council developed a Council Plan for 2022/2025 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities.
- 1.6 An effective anti-fraud and corruption policy and strategy is a critical component of the Council's scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.
- 1.7 The Council recognises that it is important that its policy is deliverable and clearly links to operational considerations. Our approach is articulated in the Council's Anti-Fraud and Corruption Strategy, which is focused on identifying, delivering and monitoring outcomes, and an action plan which includes practical measures which ensures the Council's Policy is turned into practice.

2. Background – Principles of Public Life.

2.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-

- **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.
- **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2.2 The Council is fully committed to ensuring that it carries out its day-to-day operations in accordance with the principles of good Corporate Governance, including integrity, openness and accountability. These principles require a culture within the Council that is based upon honesty, where accountability is clear and where decisions and behaviours can be challenged.

2.3 An Anti-Fraud and Corruption Policy is an essential element of such a culture and signifies the Council’s expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3. Anti-Fraud and Corruption Policy.

3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.

3.2 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.

3.3 To achieve this aim the Council will:-

- Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
- Identify procedures and policies within the Council to encourage prevention.
- Promote detection.
- Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.

3.4 The Policy is designed to supplement existing Council policies and procedures including Financial and Procurement Procedure Rules, , Codes of Conduct (Employees and Members) and the Disciplinary Procedure.

4. How the Council Manages the Risk of Fraud and Corruption.

4.1 The Council continues to experience a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified, prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures, the Council gives out the clear message that it will not tolerate any impropriety by employees, Members, consultants, contractors and service users.

4.2 The Council manages the risk of fraud and corruption in a number of ways:-

Internal Control Environment

4.3 The Council revises its Constitution annually incorporating responsibilities for decision making and rules of procedure. These procedures, together with detailed Financial and Procurement Procedure Rules, act as the framework for financial control within the Council. All officers are required to act in accordance with these rules and regulations when carrying out their duties.

4.4 The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with service managers with support provided by the Council's Internal Audit function.

Key Controls

4.5 Corporate Governance best practice specifies that the following key controls should exist within an Authority committed to the prevention of financial irregularities:

- The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- All Members and employees act with integrity and lead by example.
- Senior Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.

- High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.
- A Corporate, electronic Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the Authority's interests.
- A Corporate, electronic, Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the Authority's contractors and suppliers.
- Confidential Reporting ("Whistleblowing") procedures are in place and operate effectively.
- All relevant legislation is adhered to.
- The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

4.6 The Council is fully committed to ensuring that the examples of best practice indicated above are an integral part of its operations.

Roles and Responsibilities

4.7 Members should:

- Be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £50 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Declarations should be made on the on-line form which is managed centrally by the Corporate Support Unit. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

4.8 Strategic Directors will:

- Ensure that all suspected financial irregularities or financial impropriety that are brought to their attention are reported to the Head of Internal Audit.
- Instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- Ensure that all Declarations of Interest and entries in the Gifts and Hospitality Register are reviewed (and where applicable, a risk assessment has been undertaken) by Line Managers / Senior Managers.
- Ensure staff dealing with financial systems including cash handling and payment systems (cashier / payroll / creditors etc) are appropriately trained.
- Ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Disclosure and Barring Service [DBS] checks are undertaken.

4.9 The Head of Internal Audit will:

- Develop and maintain an Anti-Fraud and Corruption Policy and Strategy.
- Evaluate and give an annual opinion on the adequacy and effectiveness of internal control arrangements.

4.10 Employees should:

- Always be alert to the possibility of theft, fraud and corruption occurring in the workplace and be aware of the mechanisms available for reporting such issues to management within the Authority.
- Comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- Act in accordance with Financial and Procurement Procedure Rules.
- Declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council. Both the Register of Interests and Gifts and Hospitality Register are electronic and they are managed corporately by the Corporate Support Unit.

Policies, Procedures and Codes

4.11 This Policy is designed to supplement existing Council policies, which form the key building block in the Council's anti-fraud and corruption governance arrangements:

- Financial and Procurement Procedure Rules
- Anti-Money Laundering Policy
- Whistleblowing and Serious Misconduct Policy
- Employee Code of Conduct
- Members Code of Conduct.
- Regulation of Investigatory Powers Act Policy

4.12 These policies provide a framework within which the organisation operates. Having clear policies ensures clarity about the appropriate course of action in any given event. The policies ensure that a consistent and fair approach is taken during any investigations regarding suspected fraud or corruption; this is of particular importance where referral to the Police and Crown Prosecution Services is deemed appropriate.

Internal Audit Activity

4.13 The audit plan provides for reviews of financial and management systems, whether computerised or manual, on a risk assessed basis. Auditors are required to be alert to the risk of fraud at all times in all their work.

4.14 The plan includes provision for Anti-Fraud projects and investigations into suspected fraud to be carried out.

4.15 Internal Audit co-ordinates the National Fraud Initiative (NFI) exercise within RMBC. This is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments. In addition, there are annual exercises examining the Electoral Roll and Single Person Discounts.

4.16 Internal Audit meet with other South and West Yorkshire local authorities to share information on fraud risks and best practice.

Review

4.17 The Council's arrangements are kept up to date by checking against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and Fighting Fraud and Corruption Locally