

# **Anti-Fraud & Corruption Strategy**

A guide to the Council's approach to preventing fraud and corruption and investigating any suspected cases.

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## 1. Purpose and Objectives of this Document.

- 1.1 The purpose of this document is to outline the strategy for counter fraud and corruption work within RMBC. Whilst the term 'anti-fraud' is used in the document, the strategy also covers anti-theft and anti-corruption measures, including bribery.
- 1.2 The key objectives of this anti-fraud strategy are to maintain minimal losses through fraud and corruption and embed the management of fraud risk within the culture of the organisation. These objectives will be achieved by ongoing revision and implementation of a plan of action, based on a fraud self-assessment against the Fighting Fraud and Corruption Locally checklist.

## 2. What is Fraud and Corruption?

### Fraud

- 2.1 The Fraud Act 2006 came into force on 15th January 2007 as a response to the recommendations of the Law Commission Report 'Fraud' published in 2002. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of: -

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

- 2.2 CIPFA defines fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain".

### Theft

- 2.3 Theft is defined in the 1968 Theft Act:-

*'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.*

### Corruption

- 2.4 The HM Government Anti-Corruption Strategy states that there is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other organisation), in return for payment or other reward. These features are captured in Transparency International's definition: *"The misuse of entrusted power for personal gain."*

## Bribery

### 2.5 A bribe is:

*“A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity” [CIPFA].*

- 2.6 The Bribery Act 2010 replaced the common law offences of offering or accepting a bribe with two statutory offences (S1 and S2). The Act also created two further offences: namely that of bribing or attempting to bribe a foreign official (S6) and being a commercial organisation failing to prevent bribery (S7). An S7 offence can only be committed by a commercial organisation.
- 2.7 The ‘Corruption Acts 1889 to 1916’ were repealed in their entirety. Wider offences were created by the Act which mean that the more specific offences created by the old Acts serve no practical purpose. Other statutes less relevant to Local Authorities were repealed or amended by the Act and a full list is in one of the schedules of the Act.

## 3. Objectives of the Strategy

- 3.1 The Council’s objectives for its Anti-Fraud and Corruption Strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Code of Practice for Managing the Risk of Fraud and Corruption which states that the foundations of an effective anti-fraud framework comprise five key elements:
- Acknowledge the responsibility for counter fraud and corruption.
  - Identify the fraud and corruption risks.
  - Develop an appropriate counter fraud and corruption strategy.
  - Provide resources to implement the strategy.
  - Take action in response to fraud and corruption.
- 3.2 Internal Audit completes an annual self-assessment against the CIPFA supported Fighting Fraud & Corruption checklist. A fraud and corruption action plan is then produced to indicate actions that will be taken to ensure compliance with the checklist. Completion of the self-assessment exercise helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy.

## 4. Keeping Ahead

- 4.1 In order to try and stay one step ahead of the fraud to which the Council may be exposed, it is necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that are used to inform the ongoing continuous improvement of the Anti-Fraud Strategy are:
- National Audit Office Publications
  - HM Treasury Publications
  - National Anti-Fraud Network
  - South and West Yorkshire Fraud Group.
- 4.2 The Council takes part in the National Fraud Initiative, as required under Part 6 of the Local Audit and Accountability Act 2014. This involves submitting data from the Council's systems to the Public Sector Fraud Authority, where it is matched against data from other public bodies to help detect potential fraud.
- 4.3 The Public Sector Fraud Authority returns matched data to the Council, which is then reviewed to identify and address any instances of fraud, overpayment or error.

## 5. Reporting of Suspected Fraud and Corruption

- 5.1 This strategy is incorporated into all employees' terms of employment and specified in Appendix 5a of the Employees Code of Official Conduct.
- 5.2 Anyone who suspects a fraud in the workplace, including fraud perpetrated by Council contractors, or who receives information from an external source regarding fraud, should **make an immediate note of all relevant details, including:**
- ✓ The date and time of the event.
  - ✓ A record of conversations relating to the issue (including telephone conversations).
  - ✓ The names of persons present (or description if the name is not known).
  - ✓ Other details as appropriate, for example for vehicles the type, colour, registration etc.

They should also:

- ✓ Report any suspicions as rapidly as possible together with the relevant details to an appropriate level of authority and experience. This can either be
  - a line manager **OR**
  - the Internal Audit Service on Ext 23282 **OR**
  - the s151 Officer on Ext 22046 **OR**
  - the Head of Legal Services on Ext 23661 **OR**
  - the Chief Executive on Ext 22770.

Alternatively, any suspicions may be put in writing to the **Head of Internal Audit, Riverside House, Main Street, Rotherham, S60 1AE**, with the envelope marked "**CONFIDENTIAL – TO BE OPENED BY THE ADDRESSEE ONLY**".

Anyone suspecting fraud **should not:**

- ✗ Confront or accuse any suspected culprit directly.
- ✗ Try to investigate the matter themselves.
- ✗ Discuss their suspicions with anyone else other than the appropriate level of authority
- ✗ Be afraid to report a matter on the basis that any suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

## 6. Whistleblowing Arrangements

- 6.1 The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing, a comprehensive, management led, anti-fraud and corruption culture needs to be maintained, including clear whistleblowing arrangements. The Council has a Whistleblowing and Serious Misconduct Policy which includes details of a confidential email address and phone hotline, so that staff can report any concerns.
- 6.2 A person who wishes to report a suspected serious wrongdoing under the whistleblowing policy should do so by:-

E-mail to: [whistleblowing@rotherham.gov.uk](mailto:whistleblowing@rotherham.gov.uk)

Telephone: Whistleblowing Hotline 01709 822400 where a recorded message can be left.

Post to:- Whistleblowing,  
c/o Head of Legal Services,  
Rotherham Metropolitan Borough Council,  
Riverside House,  
Main Street,  
ROTHERHAM  
S60 1AE

Setting out the following information:-

- Name: (unless they wish to be anonymous)
- Contact details (unless they wish to be anonymous)
- Who has committed the alleged serious wrongdoing?
- What is the nature of the alleged serious wrongdoing?

Alternatively, a person wishing to report any suspected wrong doing may contact any of the four Whistleblowing Officers who are:

- Head of Legal Services – Tel: 01709 823661, [bal.nahal@rotherham.gov.uk](mailto:bal.nahal@rotherham.gov.uk)
- S151 Officer – Tel: 01709 822046, [judith.badger@rotherham.gov.uk](mailto:judith.badger@rotherham.gov.uk)
- Head of Internal Audit – Louise Ivens Tel: 01709 823282, [louise.iven@rotherham.gov.uk](mailto:louise.iven@rotherham.gov.uk)
- Assistant Director of Human Resources, [lynsey.linton@rotherham.gov.uk](mailto:lynsey.linton@rotherham.gov.uk)

The Whistleblowing Officers are responsible for the oversight and operation of the Whistleblowing Policy, once a disclosure has been received by the Council.

Further, a person wishing to report any suspected wrongdoing may do so by contacting the Chief Executive as below, providing the information as set out above:

- Chief Executive – Tel: 01709 822770

6.3 Council employees are also entitled to make a Protected Disclosure, under the Council's Whistleblowing Policy, through their manager, if they feel confident in approaching their manager to report a concern or allegation of serious wrongdoing that falls under this policy. The manager must follow the obligation of confidentiality, but must, as soon as possible, and no later than 2 working days after receiving the Protected Disclosure, log the disclosure in accordance with 5.2 above, and then confirm to the employee concerned, in writing or email, that this matter has been recorded.

6.4 The Council prefers anyone raising any suspicions not to provide information anonymously as it may be necessary for them to provide further information. However, all anonymous information that is received will be investigated. All reported suspicions will be dealt with sensitively and confidentially.

6.5 In the event that an employee does not feel comfortable in making a disclosure internally to Council officers, they are entitled to also make a Protected Disclosure in a number of other different ways:-

- Local Councillors - Details of how to contact them and surgery hours are on the Council's website [www.rotherham.gov.uk](http://www.rotherham.gov.uk);
- Grant Thornton - the Council's External Auditors. They are completely independent from the Council and can be contacted on 0113 245 5514 or by writing to them at:-

Grant Thornton UK LLP,  
No 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

- Relevant professional bodies;
- Solicitors;
- South Yorkshire Police - Telephone: 101;
- PROTECT - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. PROTECT can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. PROTECT can be contacted by telephone on 020 3117 2520. Contact details are on their website at <https://protect-advice.org.uk/>
- By contacting the relevant prescribed person on the list at:  
[Whistleblowing: list of prescribed people and bodies - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

- 6.6 Concerns about a child safeguarding issue, e.g. that a child may have suffered harm, neglect or abuse, can be reported to the Children's Social Care Service on 01709 336080; or in an emergency contact South Yorkshire Police direct.
- 6.7 Adult safeguarding concerns can be reported to the Adult Care Service on 01709 822330, or in an emergency contact South Yorkshire Police direct.

## **7. Investigation of Suspected Fraud and Corruption**

- 7.1 The responsibility for the prevention of fraud, other irregularities and error rests with management. Internal Audit is responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.
- 7.2 Once management has discovered, or suspected, a fraud Internal Audit should be notified immediately.
- 7.3 When Internal Audit discovers or suspects a fraud, management of the relevant department will be contacted to discuss and agree on how the matter will be investigated. The Strategic Director Finance and Customer Services will be notified of all frauds and the Chief Executive briefed regarding significant issues.
- 7.4 Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary Procedure and it will be appropriate to consult with a Human Resource Service Manager to discuss procedures for possible suspension of the employee pending further investigation.
- 7.5 Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation.
- 7.6 The objectives of any investigation shall be to:
- ✓ Prove or disprove the original suspicions of fraud.
  - ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
  - ✓ Implement appropriate controls to prevent a recurrence of the incident.
- 7.7 The investigation should be conducted by Internal Audit in conjunction with management of the department in the following manner:
- ✓ Secrecy and confidentiality shall be maintained at all times.
  - ✓ An early decision may be required, in consultation with Human Resources, on whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.
  - ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated and returned on the conclusion of the investigation.

- 7.8 Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of an investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.
- 7.9 Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered:
- Involvement of Police: the Council should always have a consistent and fair approach to the involvement of the Police in proven cases of fraud and corruption. The question of Police involvement should be discussed by the relevant Strategic Director, the Strategic Director Finance and Customer Services, the Head of Internal Audit and the Assistant Director – HR and OD. The Chief Executive should then be informed of the decision reached. In appropriate cases the Police will be notified, in order for them to investigate and determine with the Crown Prosecution Service whether any prosecution will take place.
  - Informing the External Auditor: the External Auditor should always be informed of the outcome of all fraud investigations as required to fulfil their role relating to fraud.
  - Review of Systems - where a fraud has occurred as a result of weaknesses in existing systems, then steps must be taken to remedy the problem to prevent recurrence.
  - Insurance / Recovery of Losses incurred: Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including:
    - (i) Recovering losses directly from the perpetrator of the fraud.
    - (ii) Recovery from an employee's contributions to the Superannuation Fund, where appropriate.
    - (iii) Claiming against the Council's insurance policy.
- 7.10 Attempts of cyber-crime or fraud by organised criminals are investigated nationally by the Police and reported to Action Fraud by Internal Audit. Action Fraud Alert is provided by the National Fraud Intelligence Bureau which is run by the City of London Police as a national service.