

SWT Anti-Fraud and Corruption Strategy

Policy Statement

Fraud against Local Government is estimated to cost billions of pounds per year. This is a significant loss to the public purse. To reduce these losses Somerset West and Taunton Council is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
- The prevention of fraud and the promotion of an anti-fraud culture.
- A zero-tolerance attitude to fraud, requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
- The investigation of a risk based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
- The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:



1. Introduction

- 1.1 The purpose of this strategy is to make clear to Members, employees, the general public and other bodies, Somerset West and Taunton (SWT) Council's approach to fraud and corruption.
- 1.2 SWT also demands that individuals and organisations with which it comes into contact, and particularly those to which it provides finance, act towards the Council at all times with integrity and without fraudulent or corrupt intent.
- 1.3 The threat from fraud and corruption is both internal and external. The Council's expectation is that Members and employees at all levels will lead by example to ensure high standards of propriety and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times
- 1.4 The Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following from all Members, employees, agency workers, volunteers, suppliers and those providing services under a contract with SWT:
 - **Selflessness** – Act solely in terms of the public interest
 - **Integrity** – 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** – Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
 - **Accountability** – Be accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - **Openness** – 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** – 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.

- 1.5 The Council is committed to an effective suite of anti-fraud policies, which is designed to:
- Encourage prevention
 - Promote detection
 - Identify a clear approach for investigation

2. Definition of Fraud

- 2.1 The Council defines fraud as 'any activity where deception is used for personal gain or to cause loss to another.' Fraud can be committed in one of three ways:
- Fraud by false representation – Examples include providing false information on a grant or application, staff claiming to be sick when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.
 - Fraud by failing to disclose information – Examples include failing to disclose a financial interest in a company SWT is trading with, or failing to disclose a personal relationship with someone who is applying for a job at the council.
 - Fraud by abuse of position – Example of staff who order goods and services through the Council's accounts for their own use.
- 2.2 While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

3. Definition of Corruption

- 3.1 The Council defines corruption as the abuse of entrusted power for private gain; involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

4. Culture

- 4.1 SWT Council has a responsibility for the proper administration of public funds and wishes to emphasise the importance it places upon probity, financial control and honest administration. The Council's arrangements for the prevention and detection of fraud and corruption will be kept under constant review. Suspected irregularities will be vigorously pursued and appropriate action will be taken.
- 4.2 The Council anticipates that Members, employees and the public will support its approach by reporting matters of genuine concern.
- 4.3 Employees may report such matters to their line managers, Assistant Director or Director. Employees may also report matters to the Monitoring Officer or

Section 151 Officer. The Council assures employees raising such concerns that they will be fully supported, and they will have nothing to fear from reprisals and there will be no adverse impact on their personal situation. Where anonymity is requested, this will be guaranteed.

- 4.4 Members and the public may report any concerns to the Monitoring Officer, S151 Officer or the Chief Executive. Requests for confidential treatment will be honoured.
- 4.5 Members of the public can also make complaints through the Council's Complaints Procedure.
- 4.6 Where appropriate, matters may be passed to the Council's Internal Auditors, South West Audit Partnership (SWAP) for investigation of any allegations of fraud or corruption received, and does so through clearly defined procedures and standards.
- 4.7 Fraud and corruption are serious offences and employees and Members may face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected consideration will be given to pursuing criminal sanctions which may involve referring the matter to the police.
- 4.8 In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss.
- 4.9 In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate.

5. The Role of Employees

- 5.1 Somerset West and Taunton Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the officers listed in section 4.3.
- 5.2 Employees are expected to comply with the appropriate Code of Conduct and the Council's policies and procedures.
- 5.3 Employees are responsible for complying with Somerset West and Taunton Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
- 5.4 Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.

- 5.5 Employees are required to provide a written declaration of any financial and non-financial interests or commitments, which may conflict with SWT's interests. SWT's Contract Procedure Rules specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the senior manager.
- 5.6 Failure to disclose an interest or the acceptance, or offering of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted.
- 5.7 Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this strategy.
- 5.8 Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

6. The Role of Elected Members

- 6.1 As elected representatives, all Members of Somerset West and Taunton Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute as well as ensuring value for money for local taxpayers.
- 6.2 This is achieved through Members operating within the Constitution which includes the Member Code of Conduct, Financial Procedure Rules and the Contract Procedure Rules.
- 6.3 Members are required to adhere to the Members' Code of Conduct, which has been formally adopted by SWT. As part of the compliance with this code, Members are required to declare to the Council's Monitoring Officer when elected, and update when circumstances dictate, relevant interests. These are recorded in the register maintained for this purpose by the Monitoring Officer.
- 6.4 Members are required to notify the Council's Monitoring Officer of any gift or hospitality over the value of £25.

7. Prevention

- 7.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage. In particular, written references should be obtained regarding the known honesty and integrity of potential staff before employment offers are made.

- 7.2 The Council reviews its Constitution and Codes of Conduct on a regular basis. These place a duty on all Members and employees to act in accordance with established best practice when dealing with the affairs of the Council.
- 7.3 Section 151 of the 1972 Local Government Act requires that every local authority shall make arrangements for the proper administration of its financial affairs. This includes maintaining strong financial management underpinned by effective financial controls and an adequate and effective system of internal audit. The Section 151 Officer also has to produce Financial Procedure Rules for adoption by the Council.
- 7.4 Significant emphasis is placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Council's financial and other systems is independently monitored by both Internal and External audit.
- 7.5 The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate controls in place, that they are operating as expected and being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

8. Detection and Investigation

Internal Audit

- 8.1 Internal Audit, South West Audit Partnership (SWAP) is responsible for the independent appraisal of controls and for assisting managers in the investigations of fraud and corruption.
- 8.2 SWAP includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.

Working with others and sharing information

- 8.3 The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including, but not

limited to, the Cabinet Office National Fraud Initiative, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

- 8.4 Somerset West and Taunton Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by public and private sector bodies. Enquires are made into any positive matches (e.g. an employee on the payroll in receipt of housing benefit).

Fraud Investigation Team

- 8.5 Powys Council carry out Fraud Investigations for SWT in respect of Counter Fraud and Error Services

Whistle-blowing

- 8.6 Despite the best efforts of officers and auditors, frauds are sometimes discovered by chance or whistle-blowing and, as indicated earlier, the Council has a Whistle-blowing Policy to enable such matters to be properly dealt with.

Investigation

- 8.7 The Council's Disciplinary Procedures are used where any investigation indicates improper conduct on the part of staff.
- 8.8 Depending on the nature and extent of the allegations, Internal Audit works closely with management and other agencies such as the Police to ensure all allegations and evidence are properly investigated and reported upon.
- 8.9 The Council expects the Police to independently prosecute offenders where financial impropriety is discovered.
- 8.10 The Council is committed to the risk based investigation of all instances of actual, attempted and suspected fraud committed against the Council and the recovery of funds and assets lost through fraud.
- 8.11 Any suspected fraud, corruption or other irregularity should be reported to the Monitoring Officer and S151 Officer. They will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.

9. Training and awareness

- 9.1 The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.
- 9.2 Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
- 9.3 Internal Audit will provide fraud awareness training, where appropriate and on request.

10. Policies and Procedures – Further reading

- 10.1 In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These include:
- Anti-Bribery Policy
 - Anti-Money Laundering Policy
 - Whistleblowing Policy
 - The SWT Members Code of Conduct
 - The SWT Officers Code of Conduct
 - Disciplinary Policy
 - Financial Regulations
 - Contract Procedure Rules

11. Summary

- 11.1 SWT's Anti-Fraud Framework covers the following areas

C ulture	creating a culture in which beating fraud and business
C apability	ensuring that the range of counter fraud measures meets the range of fraud risks
C ompetence	having the right skills and standards
C ommunication	raising awareness, deterring fraudsters, sharing successes
C ontract	