

NORTH DORSET DISTRICT COUNCIL
WEST DORSET DISTRICT COUNCIL
WEYMOUTH & PORTLAND BOROUGH
COUNCIL

ANTI-FRAUD AND
CORRUPTION
STRATEGY

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1. INTRODUCTION

- 1.1 North Dorset District Council, West Dorset District Council and Weymouth & Portland Borough Council take's seriously its duty to ensure proper stewardship of public money.
- 1.2 This document, together with the Whistle-blowing Policy sets out the Council's policy and commitment to the prevention and detection of fraud and corruption. In carrying out its functions and responsibilities, the authorities have always adopted a culture of openness and fairness and have expected that elected members and employees at all levels will adopt the highest standards of propriety and accountability. The responsibilities of members and employees are set out, together with the procedures to be followed where suspicion of financial irregularities has been raised. These standards are also expected from organisations that have dealings with any of the authorities (e.g. suppliers/contractors)
- 1.3 The councils are committed to dealing with fraud and corruption and will deal equally with perpetrators from both inside (members and employees) and outside the authority. Separate policies apply for Housing Benefit and Council Tax Support Fraud.
- 1.4 There are a number of controls in place, such as financial regulations, members' code of conduct and procedural rules which puts both councils in a strong position.
- 1.5 Fraud is defined in the Fraud Act 2006 which came into effect from 15 January 2007. There are three basic types of fraud:
 - False representation
Where a person makes a representation that is intentionally and dishonestly made, knowing that it is, or might be, untrue or misleading with intent to make a gain for him/herself or another, to cause loss to another or to expose another to risk of loss
 - Failing to disclose information
Where a person fails to disclose information to another person when he/she is under a legal duty to disclose that information honestly, intending by that failure to make a gain or cause a loss.
 - Abuse of position
Where a person occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person and abuses that position dishonestly intending by that abuse to make a gain/cause a loss (the abuse may consist of an omission rather than an act).
- 1.6 A person can be found guilty even if there is no victim of the crime; all that needs to be proven is the intent to make a gain or cause a loss by the accused

- 1.7 Corruption covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

2. OBJECTIVES

- 2.1 The council recognises that it is impossible to prevent all theft, fraud and corruption. The Council's objective is to operate in ways which make it difficult to commit, likely to be detected and then certain to be punished.
- 2.2 The objectives of the Anti-Fraud and Corruption Strategy are to:
- Provide a clear statement of the Council's position on fraud and corruption
 - Minimise the risk to the Council's assets and good name
 - Promote a culture of integrity and accountability in members, employees and all those that the Council does business with
 - Enhance existing procedures aimed at preventing, discouraging and detecting fraud and corruption and raise awareness of the risk of fraud and corruption being perpetrated against the Council.
- 2.3 The Anti Fraud and Corruption Strategy also supports the Corporate Priorities of the Councils as set out in the Corporate Plan. In general it supports each priority by enabling council tax to be spent on services rather than being misappropriated. In particular, the strategy supports the Priority of Developing Successful Partnerships, of creating a leaner and more focused organisation to protect the delivery of local services. It also supports one of the core values; Professional – ethical with standards of conduct and always providing sound advice.

3. PREVENTION

- 3.1 The Council operates within a framework of regulations, codes of conduct, systems and procedures which are designed to prevent fraud and corruption. The Council's systems of prevention includes the following strategy and policy documents:-
- A Members Code of Conduct
 - Financial Regulations and Procedures
 - Contract and Procurement Procedures
 - An Employee Code of Conduct
 - Internal & External Audit protocol
 - Whistle-blowing Policy

These are designed to prevent fraud and corruption and to enhance accountability to the public.

Conflict of interest

- 3.2 Both elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

Monitoring Officer

- 3.3 The Council's Monitoring Officer is responsible under Section 5 of the Local Government and Housing Act of 1989, to guard against illegality, impropriety and maladministration in the Council's affairs.

Chief Finance Officer and Section 151 Officer

- 3.4 The Council's Chief Finance Officer (Strategic Director) has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs.

Members

- 3.5 As elected representatives, all members of the Council have a duty to citizens to protect the Council from all forms of abuse.

Members are expected to comply with the code of conduct, the Council's financial regulations, the anti-fraud and corruption strategy and other relevant legislation.

These matters are brought to the attention of members as part of their introduction to the Council. It is essential that all Members declare to the Monitoring Officer

- Any areas of conflict between their Council duties and any other areas of their personal or professional lives which the Monitoring Officer will record in a register of members' interests and
- Details of any hospitality or gifts received in connection with their public office, or from those with which the council deals, will be recorded by the Monitoring Officer.

Managers

- 3.6 Managers at all levels are responsible for the communication and implementation of this strategy in their area of work. They are responsible for ensuring that their employees are aware of the Council's financial regulations and procedural rules. The requirement of employees and the role of employees in the

prevention and detection of fraud and corruption is addressed as part of the induction process.

Special arrangements will apply to employees who are responsible for cash handling or systems generating payments. Managers must ensure that relevant training is provided, and checks must be carried out to ensure that procedures are being followed, at least annually.

The Councils recognise that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the integrity of potential employees, whether permanent, temporary or casual posts. The Council's equal opportunities policy will be adhered to during this process.

Employees

- 3.7 The Councils have a formal recruitment procedure, which contains appropriate safeguards on matters such as written references and verifying qualifications held. As with other public bodies, police checks are undertaken on employees working with children or vulnerable adults. Further checks will be introduced in areas where an increased risk of potential fraud and corruption has been identified.

Each employee is governed by the Council's procedural rules and financial regulations and other codes of conduct and policies (Health & Safety, IT Strategy and security). Included in these are guidelines regarding gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest.

Details of the Code of Conduct are set out in the staff handbook which is available on the intranet.

In accordance with Section 117 of the Local Government Act, employees must disclose any personal interest in contracts that have been, or are proposed to be, entered into by the Council. This legislation prohibits the acceptance of fees, gifts or rewards other than by means of proper remuneration.

Employees are responsible for the safe keeping of council assets.

Employees should always be aware of the possibility that fraud, corruption or theft exists and be able to share concerns with management.

Internal Audit

- 3.8 The Audit service plays a vital role in ensuring that systems and procedures are in place to prevent and detect fraud and corruption. They investigate all cases of suspected irregularity, except benefit fraud investigations, in accordance with the requirements of the

Human Rights Act 1998 and other legislation. They will liaise with management to recommend changes in procedures to prevent losses to the Council.

External Audit

- 3.9 Independent external audit is an essential safeguard in the stewardship of public money. The role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the authority's financial systems, and arrangements for preventing and detecting fraud and corruption. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if they have grounds for suspicion. All external auditors are required, under the Local Government Finance Act 1982, to carry out their audits in accordance with the code of Audit Practice.

4 REPORTING ARRANGEMENTS AND INVESTIGATION

- 4.1 The Council expects all elected members and employees of the Council to report any concerns that they may have in respect of fraud and corruption. Members of the public are also encouraged to report concerns.
- 4.2 As set out in the Whistle-blowing Policy, employees are encouraged and expected to raise concerns they may have without fear of recrimination. These concerns will be treated in the strictest confidence and will be properly investigated.
- 4.3 In the first instance an employee should approach their line manager. If they are unable to do this, they can approach the:-
- Assistant Director (SWAP, Internal Audit)
 - The Monitoring Officer
 - The Chief Executive
 - Chief Finance Officer (Section 151 Officer)
- Matters concerning Members should be reported to the Chief Executive.
- 4.4 Any senior manager who has received information about any suspected fraud should report it immediately to the Assistant Director (SWAP) who will inform the Chief Finance Officer (Section 151 Officer) and, where appropriate, the Monitoring Officer.
- 4.5 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:-
- A criminal offence
 - A failure to comply with statutory or legal obligations
 - Improper unauthorised use of public or other funds

- A miscarriage of justice
 - Maladministration, misconduct or malpractice
 - Endangering of an individual's health and safety
 - Damage to the environment
 - Deliberate concealment of any of the above
- 4.6 The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls will be taken seriously and investigated in an appropriate manner.
- 4.7 The Internal Audit investigating officers must:-
- Deal promptly with the matter
 - Record all evidence received
 - Ensure that the evidence is sound and adequately supported
 - Report audit findings to the Chief Finance Officer (Section 151 Officer)
 - Liaise with the Dorset Police, as appropriate, and with the agreement of the Chief Finance Officer
 - Assist in any disciplinary proceedings
- 4.8 Senior Managers must
- Co-operate fully with the internal auditors and the Police during the investigation
 - Implement the disciplinary procedures where appropriate
 - Speedily correct any weaknesses discovered in internal control
 - Deal swiftly, fairly and firmly with those who offend against the Council
- 4.9 The reporting and investigation process must not be misused. Any abuse, such as raising malicious allegations, will be dealt with through the Council's disciplinary procedure. The Council's disciplinary procedure will be followed in cases where the outcome of an investigation indicates improper behaviour.
- 4.10 When fraud or corruption have occurred because of a breakdown in the Council's systems or procedures, the Head of Service / Corporate Manager will ensure that appropriate improvements in systems and control are implemented to prevent a recurrence.
- 4.11 Theft, fraud and corruption are serious offences against the authority and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the Chief Finance Officer and the Monitoring Officer.

- 4.12 Members will face appropriate action if they are found to have been involved in theft, fraud or corruption against the authority. Action will be taken in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner.
- 4.13 The Councils Communications Team will optimise the publicity opportunities associated with anti-fraud and corruption activity. They will also try to ensure that the results of any action taken, including prosecutions, are reported in the media.
- 4.14 Guidance on how to deal with allegations of fraud or corruption are set out in the Fraud Response Plan, contained as Annex 1 of this strategy.

Sanctions Policy

- 4.15 Each case will be considered on its own merits, having regard to all the facts, before an appropriate sanction is decided. Where an offence has been committed, the Council will consider disciplinary action or instituting criminal proceedings. In cases where financial loss has occurred, the authority will seek to recover the loss and advertise the fact, where appropriate.

5. FINANCIAL REGULATIONS AND PROCEDURES

- 5.1 Financial Regulations provide the framework for managing the Council's affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 5.2 The Regulations incorporate efficient and effective internal controls including the adequate separation of duties. Managers are responsible for ensuring that reasonable measures are in place to prevent fraud and corruption, and that such controls are properly maintained so that in the event of breach, any irregularity would be picked up promptly, so minimising the loss to the Council.
- 5.3 The council will continue to develop and enhance its existing systems and procedures. The existence and effectiveness of these systems and controls is independently monitored by internal audit and the Council's external auditors as well as being reviewed annually by management, with weaknesses and planned actions being identified in the Council's Annual Governance Statement.
- 5.4 In order to monitor fraud and corruption issues, the Head of Financial Services, Assistant Director (SWAP), Legal Service Manager and HR and OD Manager will meet regularly to share all investigations into suspected fraud or corruption. This will enable a summary to be reported to Senior Leadership Team on any lessons learned, emerging trends and any controls which should be introduced.

6. AWARENESS AND TRAINING

- 6.1 The Councils recognise that the continuing success of their Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of staff throughout the Council.
- 6.2 To facilitate awareness, the Councils support the concept of full induction, training and follow-up training. This applies particularly to officers involved in internal control systems and financial related systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced. It is also important that adequate training is provided to casual, temporary and agency staff, who may not be aware of the high standards of probity that are required of those who work in the public sector.
- 6.3 A leaflet on the Whistle-blowing Policy is distributed to employees and members on a yearly basis. Full copies of this Strategy and the Whistle-blowing Policy are available on the intranet.

7. CONCLUSION

- 7.1 The Councils have in place a robust network of systems and procedures to assist in the fight against fraud and corruption. The strategy fully supports the authority's desire to maintain honest authorities, free from fraud and corruption.
- 7.2 It is determined that these arrangements will keep pace with any future developments in techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.
- 7.3 The authorities will maintain a continuous review of all their systems and procedures through the audit process.
- 7.4 This strategy statement will be subject to regular review and will be made available to all staff through the intranet and to the wider public via the Council's website.