

Draft anti-fraud and corruption policy

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Introduction

1. This is a joint policy adopted by South Oxfordshire District Council and Vale of White Horse District Council. The policy aims to provide guidance on how to raise concerns within the relevant council.
2. In carrying out their functions and responsibilities, the councils wish to promote a culture of openness and fairness and expect all those who work for and with the councils to adopt the highest standards of propriety and accountability.
3. Following the publication of the Nolan Report in 1997, the Local Government Act 2000, and several well publicised cases concerning fraud and corruption within local government, the councils recognise the need for an anti-fraud and corruption policy.

Who this policy applies to

4. This policy aims to help employees (including temporary and agency staff), to understand how and when to contact the council regarding fraud and/or corruption. Employees must ensure they adhere to legal and contractual requirements and ensure that all procedures and practices remain above reproach.

Note: As well as using this policy and its associated response plan, any person employed or engaged by the relevant council who makes a report of fraud, should refer to the council's whistleblowing policy for guidance.

5. This policy also aims to help councillors, co-optees on the council's committees, partners, contractors, suppliers, voluntary organisations, and members of the public to understand how and when to contact the council with their concerns.
6. Members of the public may also have concerns, but not know how and when to raise them.

Links to strategic objectives

7. This policy underpins the councils' strategies, initiatives and work plans.

Aims and scope of this policy

8. The councils agree that in having committees agree this policy:
 - it sets the standard at a sufficiently high level that makes it clear that fraud or corruption will not be tolerated
 - that the councils are committed to preventing and detecting fraud and/or corruption

- that those perpetrating fraud or corruption will be prosecuted.
9. The councils acknowledge that the vast majority of their employees and those that work with them act with honesty and integrity at all times to safeguard the public resources they are responsible for. However, there are people who will not act in this way.
10. The councils will not accept any level of fraud or corruption. Consequently, all cases identified will be thoroughly investigated and dealt with appropriately.
11. The relevant council will undertake investigative activity regardless of the suspect's length of service, position/title, or relationship to the council.

Definitions

12. According to the Fraud Act 2006, fraud can be committed in the following three ways:

- **FRAUD BY FALSE REPRESENTATION:** “representation” means any representation as to fact or law and may be express or implied. A person commits an offence when they dishonestly make a false representation, and intends, by making the representation to:
 - make a gain for himself or another, or
 - cause loss to another person or
 - to expose another to a risk of loss.

A representation is false if:

- it is untrue or misleading, and
 - the person making it knows that it is, or might be, untrue or misleading.
- **FRAUD BY FAILING TO DISCLOSE INFORMATION:** an offence is committed where a person dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and intends, by failing to disclose the information to:
 - make a gain for himself or another, or
 - cause loss to another or to expose another to a risk of loss.
 - **FRAUD BY ABUSE OF POSITION:** an offence is committed where a person occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to:
 - make a gain for himself or another, or
 - cause loss to another or to expose another to a risk of loss.

13. The term *fraud* is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusions.
14. This policy therefore covers all financial impropriety including theft or corruption, which are described in more detail below:
- According to 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 is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the audited body, its members or employees.

ACTIONS CONSTITUTING FRAUD OR CORRUPTION

15. Actions constituting fraud or corruption may include, but are not limited to:
- any dishonest or fraudulent act against the council
 - forgery or alteration of any document or account belonging to the council
 - forgery or alteration of a cheque, bank draft or any other financial document
 - misappropriation of funds, securities, supplies, or other assets
 - impropriety in the handling or reporting of money or financial transactions
 - profiteering as a result of insider knowledge of council activities
 - disclosing confidential and proprietary information to outside parties
 - destruction, removal or inappropriate use of records, furniture, fixtures and equipment
 - failure to declare an interest.
16. Areas particularly susceptible to fraud are set out below with examples of fraudulent activity (the list is not exhaustive). Appendices A and B of the anti fraud and corruption response plan contain hints and signs to look out for that indicate that fraud or corruption may exist.

Area	Example of fraudulent activity
Contracts	<ul style="list-style-type: none"> • Collusion with others during the tendering process
Council tax	<ul style="list-style-type: none"> • People claiming single person discount when they are not entitled to
Recruitment fraud	<ul style="list-style-type: none"> • Fictitious work history and/or references
Abuse of position	<ul style="list-style-type: none"> • Falsification of records to cover up fraudulent activity such as stolen cash
Travel claims	<ul style="list-style-type: none"> • False journeys claimed • Inflated mileage • Two employees claiming for a journey taken together

Area	Example of fraudulent activity
Expense claims	<ul style="list-style-type: none"> • Claims submitted to the council and a third party
Cash receipts/petty cash	<ul style="list-style-type: none"> • Accepting cash without receipting it • Reimbursement sought for receipted but inappropriate expenditure
Payroll	<ul style="list-style-type: none"> • Hours worked over-stated to take advantage of annualised hours for financial gain
Ordering and payments	<ul style="list-style-type: none"> • Goods ordered for personal use • Goods ordered from a specific supplier in return for some form of benefit
Stocks and assets	<ul style="list-style-type: none"> • Unauthorised use of stationery • Using council assets for personal use such as running a private business
Timesheets	<ul style="list-style-type: none"> • Falsifying hours worked • Claiming to be sick but carrying out paid work elsewhere

Identifying the risk of fraud or corruption and risk mitigation

17. In having a risk management strategy, which includes risk mitigation measures, the councils aim to detect fraud or corruption and deter potential perpetrators of such activity.
18. This policy and its associated anti fraud and corruption response plan set out exactly what steps to take on suspecting fraud or corruption.
19. In having a continuous programme of fraud and corruption awareness and regular updates and training for new and existing staff the councils aim to mitigate the risk of fraud or corruption taking place.
20. In referring to this policy in its quotation/tender documents with suppliers and its procurement guide, the council aims to mitigate the risk of fraud or corruption taking place.

Avenues for reporting fraud

21. The councils have in place a number of ways of reporting suspicions of fraud or corruption.
22. Non-employees of either council can use the relevant council's complaints process, or the complaints process relating to the councillors code of conduct.

23. In relation to employees, the relevant council will deal with matters in confidence and in accordance with the terms of their joint whistleblowing policy and the Public Interest Disclosure Act 1998.

Responsibilities

24. The primary responsibility for the prevention, detection and investigation of fraud rests with senior management, who are also responsible for managing the risk of fraud. The purpose of this policy is to set out more specific responsibilities for preventing fraud.

REPORTING FRAUD

25. In accordance with South Oxfordshire District Council's Financial Procedure Rules in the council's Constitution, "a councillor or member of staff or any organisation or person acting on behalf of the council shall notify the council immediately of any financial or accounting irregularity, or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including those affecting cash, stores, property, remuneration or allowances".

26. In accordance with Vale of White Horse District Council's Financial Regulations, "where any officer becomes aware of any loss or irregularity, or suspected irregularity, affecting cash, stock, property, computer held data, or other matters having implications of a financial nature, they shall report the matter immediately to their Chief Officer".

RECEIVING REPORTS AND PREVENTING FRAUD OR CORRUPTION

27. The following paragraphs set out more specifically the roles and responsibilities of those receiving reports of fraud or corruption and their roles and responsibilities in preventing fraud or corruption arising in the first place.

28. The anti fraud and corruption response plan provides further information on who should take what action on discovering a potential fraud or corruption.

- MONITORING OFFICER

29. The monitoring officer has responsibility for:

- ensuring that this policy is current
- initiating action if fraud or corruption may have been identified
- the lawfulness and fairness of decision making
- ensuring that councillors are aware of the protocols, policies and procedures, as set out at the end of this policy that apply when carrying out their duties.

- SECTION 151 (CHIEF FINANCE) OFFICER

30. The section 151 (chief finance) officer has responsibility for:

- the proper administration of the council's financial affairs under s.151 of the Local Government Act 1972 and s.114 of the Local Government Finance Act 1988. This includes the employee nominated by him/her to act in his/her absence and any employee of his/her staff acting on his/her behalf.
 - reporting to councillors and the Audit Commission if the council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114).
 - investigations arising from allegations raised under the whistleblowing policy when the chief executive, internal audit manager and monitoring officer agree with the section 151 (chief finance) officer that he/she will take on the responsibility.
- HUMAN RESOURCES
31. Human resources is responsible for ensuring that new employees, during induction, are aware of their contractual obligations in relation to anti fraud and corruption as well as this policy, the associated response plan and their links with the whistleblowing policy.
- MANAGERS
32. Managers are responsible for:
- maintaining internal control systems and communicating them to their staff
 - ensuring that the council's resources and activities are properly applied in the manner intended
 - identifying the risks to which systems and procedures are exposed
 - developing and maintaining effective controls to prevent and detect fraud and/or corruption
 - ensuring that controls are being complied with
 - implementing audit recommendations promptly
 - responding to reports of possible financial impropriety in accordance with the whistleblowing policy.
- INDIVIDUAL EMPLOYEES
33. All employees should take seriously and treat with confidence any concerns raised about a potential fraud. The councils encourage reporting of suspicions and will protect those who do so (even if the suspicions are unfounded but made with good intent), as set out in the council's whistleblowing policy.
34. The councils expect employees to follow any code of conduct relating to their personal professional qualifications and abide by the relevant councils' code of conduct for their staff.

35. Employees must operate within Section 117 of the Local Government Act 1972, to give notice in writing of pecuniary (financial) interests in contracts relating to their council or the offer of any fees or rewards other than their proper remuneration.
36. All employees must declare any offers of gifts or hospitality, which are in any way related to the performance of their council duties. The relevant council's guidance on *gifts and hospitality* provides more information.
37. Employees should not undertake work or activities outside their direct employment with the council if their council duties overlap in some way with their proposed work or activity, e.g. by causing a conflict of interest or by making use of material to which they have access by virtue of their council employment.
38. Any employee wishing to undertake other employment should check with their manager whether they need permission from their head of service to do this and whether they should register the employment on an annual basis. If the employee needs permission the head of service should send copies of correspondence, including permission, to human resources who will record it.
39. The councils encourage all staff to make voluntary declarations for all secondary employment based on the need for open government.
40. As well as employment contract obligations, each employee is responsible for:
- remaining aware of the policies and procedures set out at the end of this policy
 - their own conduct and contribution towards the safeguarding of council standards in accordance with the policies and procedures set out at the end of this policy
 - acting with propriety when using council resources, when handling council funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers and
 - reporting details immediately to their line manager or the most appropriate employee if they suspect that fraud or corruption has been committed or they have seen any suspicious acts or events.
- INTERNAL AUDIT
41. As well as responsibilities as employees, internal audit has responsibility for:
- the independent appraisal of control systems
 - assisting in the investigation of irregularities.
- COUNCILLORS AND CO-OPTED MEMBERS OF THE COUNCIL'S COMMITTEES
42. All councillors and co-optees should take seriously and treat with confidence any concerns raised about a potential fraud. The councils encourage reporting of

suspensions and aims to protect those who do so (even if the suspicions are unfounded but made in good faith).

43. Councillors and co-optees must ensure that they avoid any situation where there is potential for a conflict of interest.

44. Each councillor or co-optee of the council is responsible for:

- observing standards, set out in the councillors code of conduct
- familiarising themselves with the codes, protocols, policies and procedures as set out at the end of this document.

- THE AUDIT COMMISSION

45. The Audit Commission (external audit) has responsibility for:

- reviewing the stewardship of public money and
- considering whether the council has adequate arrangements in place to prevent fraud and corruption.
- the biennial National Fraud Initiative (NFI)

Under Section 6 of the Audit Commission Act 1998, the Audit Commission requires all councils to provide employees' (including councillors') payroll data to enable data matching to take place with the aim of preventing and detecting fraudulent and erroneous payments from the public purse. The council participates in this initiative.

- BENEFIT FRAUD TEAM

46. The council's benefit fraud team carries out activities to prevent and detect benefit fraud.

- THE ROLES OF THE COMMITTEES

47. The Standards Committee has responsibility for matters relating to the councillors code of conduct.

48. The Audit and Corporate Governance Committee at South Oxfordshire District Council and the Audit and Governance Committee at Vale of White Horse District Council have responsibility for:

- risk management issues and making any recommendations thereon
- the overview of the council's whistleblowing policy
- the overview of the council's anti fraud and corruption policy.

- THE POLICE

49. The police may:

- investigate links to offences
- give prevention advice

- advise on any pre-investigation work
- maintain a dialogue with management and/or internal audit during an investigation.

Prevention of fraud and corruption

REGULATORY FRAMEWORK

50. The councils have a wide range of mechanisms in place aimed at preventing and detecting fraud and corruption. These include the legislation set out in this document in addition to each council's financial procedure rules or regulations.
51. The councils will review and update policies as and when required by the section 151 (chief finance) officer and/or the monitoring officer if that date is before the policy review date set out at the end of this document.
52. Managers must ensure that adequate levels of internal checks are included in working procedures, particularly financial procedures. 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.
53. South Oxfordshire District Council councillors are subject to an enhanced Criminal Records Bureau police check.

STAFF SELECTION/SCREENING

54. The councils' recruitment procedures ensure that the councils appoint employees on merit and prevent the appointment of unsuitable people.
55. Applicants complete an application form and must declare any criminal convictions that are not spent. Where appropriate, applicants may also be subject to a Criminal Records Bureau police check.
56. The council appoints employees subject to satisfactory written references.
57. The council conducts documentary checks on all new employees to ascertain their eligibility to employment in accordance with the Asylum & Immigration Act 1996 s.8 (as amended) effective 1 May 2004.

CONTRACTORS AND THOSE DELIVERING SERVICES FOR THE COUNCIL

58. Each council will ensure that all contracts conform to the highest standards possible. The councils will act to ensure that those organisations that work with the relevant council to deliver services are made aware of the councils' strong anti fraud and corruption principles, including their whistleblowing policy.

59. Where possible, the councils will exclude suppliers, contractors and service providers from public contracts following conviction of certain offences including participation in criminal organisations, corruption, money laundering and fraud.
60. The councils will seek an assurance that those tendering to provide supplies, goods, services and works to the councils have adequate anti fraud and corruption recruitment procedures and controls in place; have not colluded with others during the tendering process; or canvassed or solicited any councillor or employee of the council in connection with the award or future award of contracts.
61. In awarding any contract, the relevant council will act in accordance with its contracts procedure rules. Within its contract terms, the relevant council may exercise its right to terminate a contract and recover its losses if there is evidence of fraud in connection within a council contract by the contractor, its employees or anyone acting on the contractor's behalf.
62. The relevant council will seek the strongest available sanctions against the contractor, their employees or anyone acting on behalf of the contractor who commits fraud against the council and will request that the organisation concerned takes appropriate action against any individual concerned.
63. Where contractors are involved with the administration of our finances, or those for which the councils have responsibility, the councils will conduct internal audit reviews and pro-active anti-fraud exercises as part of the contract management process.

COLLABORATION WITH OUTSIDE AGENCIES AND OTHER BODIES

64. Given the nature of a council's work, the nature and scope of fraud can vary and involve different bodies. Therefore, the relevant council may need to liaise with and undertake joint working with certain agencies, including (but not limited to):
- other local authorities
 - benefits agencies
 - the Serious Fraud Office (SCD6, formerly SO6)
 - the local police
 - the Home Office
 - the UK Border Agency
65. The councils commit to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the councils will assist and exchange information with other appropriate bodies to investigate and combat fraud.

Detection and investigation

66. The range of preventative systems within the councils, particularly internal control systems, can provide indicators of fraud (and error) and can help to detect any fraudulent activity.
67. Senior managers have responsibility for preventing and detecting fraud and corruption. Often, the alertness of others enables the detection of fraud and appropriate action to take place when evidence suggests that fraud or corruption may be taking place.
68. Despite the best efforts of managers and auditors, many frauds are discovered by chance. The councils have arrangements in place to deal with such discoveries. The anti-fraud and corruption response plan sets out the councils' arrangements. Some frauds may be discovered as a result of whistleblowing.

WHISTLEBLOWING

69. The councils' whistleblowing policy encourages people to raise serious concerns. Employees reporting concerns are afforded certain rights and protection through legislation enacted under the Public Interest Disclosure Act 1998.
70. The councils will support employees who report concerns and will take every effort to protect them from reprisals. The councils will do everything possible to protect their confidentiality.

OTHER SUSPECTED FRAUD OR IRREGULARITY

71. As referred to in paragraphs 25 and 26, a duty exists to report any suspected cases of fraud or corruption. Reporting cases in accordance with this policy and the whistleblowing policy is essential and:
- ensures the consistent treatment of information regarding fraud and corruption
 - facilitates the proper investigation of suspected cases and
 - protects the interests of individuals and the councils.
72. This process will apply to allegations relating to the following areas:
- fraud/corruption by councillors or co-optees
 - internal fraud
 - other fraud by council employees acting in a personal capacity
 - fraud by contractors' employees and
 - external fraud (the public)
73. The anti-fraud and corruption response plan gives more guidance on this issue.
74. The external auditor also has powers to independently investigate fraud and corruption.

CONFIDENTIALITY

75. The councils will treat all information received confidentially. The councils will not disclose or discuss investigation results with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of people suspected but subsequently found innocent of wrongful conduct and to protect the councils from potential civil liability. Any processing of personal data will comply with the Data Protection Act and the data protection principles.

PUBLICITY

76. The relevant council's communications team may use the press to report the outcome of any action taken, including prosecutions.

77. The councils will publish this policy and any review of it to make employees, councillors, co-optees, contractors, partners and the public aware of the council's commitment to taking action on fraud and corruption when it occurs.

Courses of action

78. Mechanisms exist within the councils to act in cases of fraud and corruption. These include the following:

DISCIPLINARY ACTION

79. Gross misconduct and other fraudulent or corrupt conduct will normally lead to dismissal. The councils' disciplinary procedure provides further information.

PROSECUTION

80. The councils will seek full redress through the legal processes available to counter any internal or external fraudulent activities perpetrated against it. This redress will be achieved through criminal and/or civil courts as considered appropriate.

81. The chief executive, in consultation with the section 151 (chief finance) officer, the monitoring officer, human resources, the internal audit manager and other external agencies as appropriate, will decide whether to refer the case to the police for prosecution. Other external agencies involved may include the Department of Social Security and the Crown Prosecution Service.

82. The councils will take all reasonable action to recover any money or goods.

Awareness and training

83. Introducing and implementing a successful anti fraud and corruption policy is dependent largely on the awareness and responsiveness of those working in and with the council.

84. The councils will make councillors, co-optees and employees aware of this policy initially via the induction process and will remind them of this policy via council publications.
85. The councils support the concept of fraud and corruption awareness training for councillors, co-optees and employees to ensure that their responsibilities and duties in respect of anti-fraud and corruption are current and their understanding reinforced.
86. The councils also commit to training and developing staff who are involved in investigating fraud and corruption and will provide suitable training where necessary.
87. The councils will act to ensure that those organisations that work with the councils to deliver services are made aware of the councils' strong anti fraud and corruption principles, including their whistleblowing policy.

Monitoring of this policy

88. The monitoring officer will decide when this policy needs review in light of any change of legislation or council policy if this is before the scheduled review date.
89. The Audit and Corporate Governance Committee (South Oxfordshire District Council) and the Audit and Governance Committee (Vale of White Horse District Council) have responsibility for the overview of this policy. The monitoring officer, in consultation with the chief executive, the section 151 (chief finance) officer, and the chairman of the Audit and Corporate Governance Committee (South Oxfordshire District Council) and Audit and Governance Committee (Vale of White Horse District Council), will ensure that any corrective actions identified from investigations are brought to the attention of the relevant committee.

Conclusion

90. The councils commit to the development of an anti-fraud and corruption culture and will not tolerate fraud or corruption.
91. Fraud or corruption, where it is detected, will be dealt with promptly, investigated fairly, and where appropriate, prosecuted to the fullest extent that the law allows. In certain matters, depending on the nature of the circumstances, alternative sanctions may, on agreement, be deemed appropriate.
92. This document seeks to state the positions of South Oxfordshire District Council and Vale of White Horse District Council and each council's intent regarding all fraud and corruption matters that may affect either council.

Officer responsible for this policy

93. The monitoring officer has overall responsibility for the maintenance and operation of this policy and will liaise as necessary with the chief executive, the section 151 (chief finance) officer and the internal audit manager.

This policy was approved by South Oxfordshire District Council's Cabinet on <>.

This policy was approved by Vale of White Horse District Council's <> on <date>

Policy review date: December 2012

Additional sources of information

The following are associated policies and procedures that are referred to in this policy or can be used as additional sources of information:

Joint policies: South and Vale	South Oxfordshire District Council policies	Vale of White Horse District Council policies
Anti-fraud and corruption response plan		
	Budget and policy framework procedure rules	Budget and policy framework procedure rules
	Code of conduct for councillors and its associated complaints procedure	Code of conduct for councillors and its associated complaints procedure
	Code of conduct for employees	Staff code of conduct
	Complaints policy and procedure	How to make a comment, complaints and suggestion
	Contracts procedure rules	Contracts standing orders
	Councillors' allowances scheme	Members' allowances scheme
Dignity at work policy		
Disciplinary procedure (for employees)		
	Financial procedure rules	Financial regulations
	Gifts and hospitality guidance for officers	Gifts and hospitality code

Joint policies: South and Vale	South Oxfordshire District Council policies	Vale of White Horse District Council policies
Grievance procedures (for employees)		
	Local code of governance	
Money laundering policy (scheduled for availability March 2010)		
	Planning code of good practice for councillors	
	Protocol on councillor/employee relations	Member/officer relations
Safeguarding children and vulnerable adults policy		
	Scheme of delegation	Scheme of delegation
	Service specific procedure manuals	Service specific procedure manuals
Whistleblowing policy		

Alternative formats of this publication are available on request. These include large print, Braille, audio cassette or CD, email and alternative languages.

此文檔備有中文版本以供選擇。如需索取，請通過以下的電話聯繫地區議會。如果您不會講英語，您可以請講英語的親屬或朋友為您代勞。

Please contact democratic services at South Oxfordshire District Council on ☎ 01491 823649

Please contact <> at Vale of White Horse District Council on ☎ 01235 <>