

Anti Fraud and Corruption Strategy

Anti-Fraud and Corruption Strategy

Why do we need a strategy?

Lewes District Council must remain alert to the risk of fraud and corruption, and to ensure that there are adequate means to prevent, detect and investigate irregularity of this kind. This strategy sets out the ways in which the Council will act against fraud and corruption to protect public funds.

What are fraud and corruption?

In simple terms, fraud is obtaining a financial or other gain by means of deception, dishonesty, or theft.

Similarly, corruption is the dishonest exercise of official duties or position in order to achieve financial or other gain, for example receiving gifts, rewards or favours from the misuse of information or influence.

What are the Council's expectations?

The Council takes these issues seriously and has a zero tolerance of fraud and corruption.

Accordingly, the Council expects that Councillors and staff will act with honesty and integrity in all aspects of their official duties, and will lead by example in ensuring observance of legal requirements, rules, regulations and procedures.

The Council expects that individuals and organisations with which it comes into contact will act with the same honesty and integrity when dealing with the Council.

The Council expects that Councillors and staff will raise any concerns they have on these issues, and that these concerns will be treated in confidence, investigated properly and dealt with fairly.

How does this affect staff?

Recruitment policy is a key component in the Anti-Fraud and Corruption Strategy, and it is Council policy to establish the previous record of staff in terms of their propriety and integrity by taking up references from previous employers.

Council staff are expected to follow any Code of Conduct related to their professional institute, where applicable, as well as abiding by the Council's **Code of Conduct** for employees. The Council's code covers issues such as Hospitality, Gifts, Other Work and Conflicts of Interest.

Staff are reminded that they must:

- Operate within Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Council, and
- Disclose the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.

The Council believes that fraud and corruption represent an abuse of trust. The Council has in place a **Disciplinary Procedure** for tackling cases of misconduct.

How does this affect Councillors?

Section 51 of the Local Government Act 2000 requires the Council to adopt a code as regards the conduct that is expected of Councillors and co-opted Councillors. Lewes District Council adopted a revised Code of Conduct in May 2007 and every Councillor and co-opted Councillor has given an undertaking that in performing their functions they will observe that Code of Conduct. The details of the Code of Conduct, and further guidance on the code and its interpretation are set out in the **Constitution** of Lewes District Council.

What control systems exist to help staff?

The Council's Constitution contains the Rules of Procedure that give guidance in dealing with the Council's affairs, including the key areas of Financial Administration, Contracts and Officer Employment. In addition the Director of Finance and Community Services has a duty under Section 151 of the Local Government Act 1972 to ensure that proper arrangements exist to manage and safeguard the Council's finances.

The Council is committed to operating systems and procedures that incorporate effective internal controls. Internal controls are the means by which managers ensure that systems and procedures work properly. Controls can include policies, plans, instructions, supervision, checking, review, reconciliations, performance monitoring, budgets and a sound organisational structure in which systems can operate as they should.

The effectiveness of these controls is independently monitored by Internal Audit.

How does the Council detect irregularities?

Many of the controls are in place specifically to prevent loss or fraud. They have been designed to give warning of possible fraudulent activity and may be sufficient in themselves to deter fraud. However, the duty remains for Council staff to remain alert to the risk of fraud, and it is often this alertness that enables detection. That said, frauds are often discovered by chance or as a result of a 'tip off.'

How should concerns about possible irregularities be reported to the Council?

Staff with concerns about possible frauds or irregularities should report them to their Supervisor or Manager, who should pass the concern to the Head of Department

Councillors with concerns about any suspected irregularity should contact the appropriate Head of Department or the Chief Executive.

How do these arrangements fit with the Council's policy on Whistleblowing?

The Council is keen to ensure that staff can raise concerns about their work or the activities of the Council generally. The Council has a **Whistleblowing Policy** that is set out elsewhere in the Staff Guide. The policy allows staff to raise serious concerns within the Council instead of overlooking them or raising them outside.

The Whistleblowing policy covers more than simply fraud and corruption, but the Council will investigate all reported concerns with the same thoroughness.

Can the public report concerns about fraud and corruption?

The public is also encouraged to report concerns through the Council's Complaints Procedure to the appropriate Head of Department. The Complaints Procedure outlines the ways in which the majority of complaints can be handled, but Heads of Department should follow the guidance in this strategy if there is any indication that the complaint involves allegations of fraud or corruption. It is not appropriate for operational staff and managers to carry out interviews or investigations in such cases.

What are the responsibilities of Heads of Department in dealing with reported concerns?

Heads of Department are responsible for ensuring that concerns are reported correctly to enable appropriate action to be taken. Heads of Department will:

- Notify the Head of Legal and Democratic Services of any allegation or complaint against a Councillor.
- Notify the Director of Finance and Community Services of any irregularity concerning the financial or non-financial functions of the Council.
- Record the detail and origins of the concern, allegation or complaint.
- Retain and safeguard all evidence received.
- Deal with the matter promptly.

How will the Council investigate reported concerns?

The Director of Finance and Community Services will take any necessary steps to investigate the concern, and normally the first step in the investigation will be handing the matter to Internal Audit. This method of investigation ensures:

- Consistent approach and treatment of information.
- Proper investigation by an independent audit team.
- Proper liaison with Personnel Services on any issue related to the Council's Disciplinary Procedures.
- Protection of the Council's assets and interests.
- Compliance with the requirements of the Regulation of Investigatory Powers (RIPA) Act 2000 and related Orders.

The Head of Legal and Democratic Services, in her capacity as Monitoring Officer, will handle any allegation or complaint against a Councillor. Complaints against Councillors will be referred to the Standard Committee's Assessment Sub Committee for initial assessment and dealt with in accordance with guidance from Standards for England. The investigation may be referred to the Head of Audit and Performance or may be handled in another way depending on the issue involved.

What happens next?

In keeping with the Council's general approach to investigating concerns, the person reporting the concern or irregularity will be told the outcome, or advised of progress, in writing within ten working days.

What will be the outcome of any investigation?

Internal Audit will work with managers and others to ensure that allegations are investigated properly. The Council's Disciplinary Procedures will be used if the outcome of the investigation indicates impropriety. In such circumstances, it must be presumed that the Police will be notified although referral is a matter for the Chief Executive, appropriate Head of Department, and the Head of Audit and Performance. Referral will not bar action under the Council's Disciplinary Procedures.

The Council will deal swiftly and firmly with those who defraud the Council or who are corrupt. Whilst a robust approach must be taken, there is the need to ensure that any investigation process is not misused and any willful and malicious allegation will be dealt with as a disciplinary matter. However, concerns or allegations raised in good faith, even if later found to be unfounded, will be treated with respect and no action will be taken against the person reporting the concern.

Which other bodies may be involved?

When investigating frauds against the Council there is often a need to liaise with:

- Different Police forces.
- Audit Commission.
- Government agencies.
- Other Local Authorities.

The Audit Commission has powers to investigate fraud and corruption, and the Council can refer such matters to the Audit Commission at its discretion.

The Council also has a separate Counter Fraud Strategy and Prosecution Policy that outline the ways in which the Council will prevent, deter and detect fraud in the administration of Housing and Council Tax Benefits. These arrangements are under the control of the Head of Revenues and Benefits.

How are staff kept informed of matters involving the Anti-Fraud and Corruption Strategy?

The Council recognises that the success of the strategy will depend largely on the involvement and vigilance of the staff throughout the organisation. The Council therefore supports adequate training, particularly for those staff involved in internal control systems to ensure that their responsibilities in this respect are understood and acted upon.

And finally.....

The Council has in place a network of systems and procedures to protect its assets and services against fraud and corruption. The Council will maintain a regular review of these arrangements to ensure their continued effectiveness, in particular the Rules of Procedure, Codes of Conduct, Accounting Instructions and Internal Audit practices.