

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

1. INTRODUCTION

- 1.1 The Council is required by law to protect the public funds it administers is committed to ensuring that the opportunity for fraud and corruption is reduced to the lowest level, whether attempted from within the organisation or by others. If fraud or corruption of any form occurs it will be dealt with confidentially in a firm structured manner. The Council has a zero tolerance attitude to fraud and is totally opposed to any form of fraud and corruption.
- 1.2 The Council wishes to ensure that its money is spent on services for the local community. Any loss of funds as a result of fraud or corruption can reduce the amount of money available for services. The Council will investigate all allegations of fraud or corruption however any malicious complaints will be dealt with severely.
- 1.3 This Anti-Fraud and Anti-Corruption Strategy is designed to: -
- Acknowledge the threat of fraud
 - Encourage prevention;
 - Promotes detection; and
 - Identifies a clear pathway for investigations
 - Sets out the appropriate solutions, including the recovery of loss.

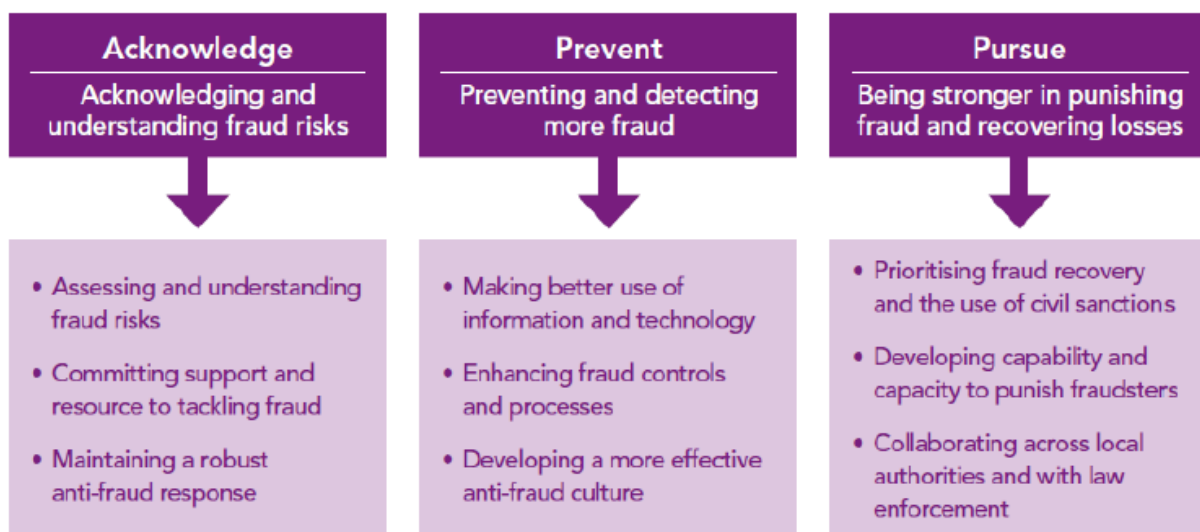
Expectation

- 1.4 The Council promotes a culture of openness honesty within its core values and the Council is opposed to any form of fraud and corruption.
- 1.5 The Council expects all Councillors and staff to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 1.6 The Council expect all individuals and organisations (including partners, suppliers, contractors and other service providers) that they will act with integrity and without thought or actions involving fraud or corruption.
- 1.7 This Strategy outlines the action needed to discourage fraud and corruption through the culture of the organisation, and the behaviour of councillors and staff. It also outlines the procedures for detecting and investigating fraud and corruption, which despite best practices can occur. The strategy also outlines the training process.

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

- 1.8 A fraudulent or corrupt act can be within any process or system.
- 1.9 Although this document refers specifically to fraud and corruption, the principles can be applied to all financial malpractice. This includes a wide range of irregularities and criminal acts including theft, false accounting, and obtaining by deception and computer abuse and crime.
- 1.10 Our strategy is based upon three key themes: Acknowledge, Prevent and Pursue, and adhere to the Local Government Fraud Strategy: *Fighting Fraud Locally*.



2. CULTURE

- 2.1 The Council promotes a culture of openness within its core values and is opposed to any form of fraud.
- 2.2 The Council expects that individuals and organisations (e.g. partners, suppliers, contractors, and service providers) that it deals with will act with integrity and without thought or actions involving fraud, bribery and corruption. Where relevant, the Council will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is most likely to lead to a termination of the particular contract and may lead to prosecution.
- 2.3 It expects all senior officers and Councillors to lead by example. Councillors and employees are expected to abide by all rules and procedures. The Anti-Fraud and Anti Corruption Strategy are commended to the Council's Partner organisations with the expectation that they will be applied either wholly or as the basis for their own local version.
- 2.4 The Council has in place a Members Code of Conduct and Officers Code of Conduct both available in the Constitution. The Council expects all Councillors and staff to abide by these Codes. The Local Government Act 2000 (as amended) requires Councillors to declare and register with the Council's Monitoring Officer any potential areas of conflict between their

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

duties and responsibilities and any other areas of their personal or professional lives.

- 2.6 Councillors and staff have an important part to play in detecting fraud and corruption and are encouraged to raise any concerns that they may have on issues associated with the Council's activities.
- 2.7 Employees are expected to comply with the Council's Code of Practice for Officers. Officers are required to comply with Section 117 of the Local Government Act 1972 and complete a written declaration of any pecuniary or close personal interest. This legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Failure to disclose an interest or acceptance of an inappropriate reward may result in disciplinary action or criminal liability.
- 2.8 Employees can be a first line of defence and the Council encourages them to be alert to the possibility of fraud and corruption and report any suspected cases.
- 2.9 The Council will deal with all information in a fair and confidential manner and it will be properly investigated. The Council operates a Whistle-blowing Policy that forms part of the Constitution and has been communicated to all staff. The Whistleblowing Policy is available on the Council's intranet and website. It also gives details of how to report particular concerns regarding named staff.
- 2.10 Complaints against Councillors should be made to the Monitoring Officer for consideration and possible investigation. Dependent upon the seriousness and nature of the allegation can be referred to the Monitoring Officer or to the Police.
- 2.11 All managers are responsible for ensuring that their employees are aware of the arrangements to secure good governance and that the requirements are being met in their work activities. Managers are also expected to create an environment in which their staff feels able to approach them with any concerns that they may have about suspected irregularities.
- 2.12 All senior officers within the Leadership Team are expected to deal firmly and swiftly with anyone they suspect is involved in fraud or corruption and should report it immediately to either the: -
 - Chief Executive
 - Chief Operating Officer
 - Chief Finance Officer
 - Head of Policy, Performance & Governance
 - Monitoring Officer (Chief Legal Officer)
 - Head of Digital & Service Transformation (Council Tax only)
- 2.13 A matter will be referred to the police if criminal activity has occurred.

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

3. PREVENTION

3.1 The Council is committed to the elimination of fraud and corruption and, leading by example, will:-

- Introduce appropriate measures to minimise the fraud or corruption;
- Adopt formal procedures to investigate fraud or corruption when suspected;
- Provide appropriate mechanisms for employees to voice their genuine concerns and protect those who do;
- Deter employees from making malicious or unfounded accusations;
- Have no hesitation referring cases of suspected financial irregularity to the attention of the Police;
- Work closely with the Police and other appropriate agencies to combat fraud or corruption;
- Support national and local initiatives against fraud and corruption.

3.2 The Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to ensure proper arrangements are in place for proper financial administration.

3.3 A key method of the prevention of fraud and corruption is to take adequate steps at the recruitment stage. When recruiting new staff the Head of HR & Organisational Development has to establish, as far as possible, the previous record of potential staff including temporary, permanent and contract staff. Particular attention will be paid to any posts designated by the Council as "sensitive". Where a manager directly recruits temporary staff then they are responsible for ensuring that adequate references are obtained and that the person is eligible to work in the UK. Where an agency is used the manager must ensure that it is clear under the terms of business whether the agency has undertaken the necessary checks prior to the point of engagement.

3.4 The Head of HR & Organisational Development is also responsible for ensuring that staff are aware of the role they play within the Council's internal control framework. Staff will be issued with information on how to find the Anti-Fraud and Anti-Corruption Strategy (including the Whistleblowing Policy) and the Council's disciplinary procedures.

3.5 All Managers have a responsibility for preventing and detecting fraud and must ensure that appropriate controls are in place, they are operating as expected and being complied with.

3.6 The Council is committed to working and exchanging information with other organisations to prevent fraud and corruption. Work on the National Fraud Initiative is co-ordinated by the Head of Policy, Performance & Governance. Any positive matches are investigated. Information may also be shared with other bodies responsible for auditing and administering public funds.

3.7 The Council have a separate policy for Anti Bribery

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

4. DETECTING AND INVESTIGATION FRAUD AND CORRUPTION

4.1 The Council is committed to the investigation of all instances or attempted or suspected fraud committed by staff, Councillors, Consultants, Suppliers and other third parties and for the recovery of funds and assets lost through fraud.

4.2 The Council's Financial Regulation require all suspected financial irregularities to be reported so that an investigation of the allegations can be undertaken most likely but not exclusively by Internal Audit. The Council's Internal Audit Service is provided by external contractors Southern Internal Audit Partnership (SIAP) so this can be reported to Head of Policy, Performance or directly to the Head of Audit (SIAP).

4.2 Using one of these methods to report a suspected fraud ensures that: -

- Suspected cases are investigated promptly and properly;
- The Fraud Response Plan is carried out;
- There is a standardised process;
- Individuals and the Council are protected.

4.3 The Head of Policy, Performance & Governance, in conjunction with Chief Executive, and/or the Chief Finance Officer, with advice from the Head of Internal Audit will decide on the type and course of action to take and, if appropriate, will make the decision to report a situation to the Police. Depending upon the nature of the case, criminal action or disciplinary action could be taken concurrently.

4.4 The Council works with the Department of Work & Pensions in its commitment to prevent and detect benefit offences. Welfare benefit fraud is now investigated by a single fraud investigation service based within the Department of Work & Pensions. A suspected fraud can be reported direct to National Benefit Fraud on 0800 854440 or by writing to the following address:

PO Box 224
Preston
PR1 1GP

4.5 The Council's External Auditors also have the power to request or carry out an investigation into fraud and corruption.

4.6 The Fraud Act 2006 has created a new offence of fraud which can be used to prosecute certain offences.

5. ADVICE ON REPORTING SUSPECTED FRAUD OR CORRUPTION

5.1 The Council expects all employees, Councillors, partners and contractors, the public and organisations to provide information if fraud and corruption is suspected. This is known as Whistleblowing or Confidential Reporting. The Council's Whistleblowing Policy is a separate Policy within Section 5 of the Constitution.

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

- 5.2 The aim of the Whistleblowing Policy is to encourage and enable staff to raise serious concerns. All employees are assured of confidentiality through legislation (Public Interest Disclosure Act 1998) which provides protection for individuals who make certain disclosures.
- 5.3 All information or concerns received will be treated seriously and in strict confidence and employees should raise issues with their line manager in the first instance or an officer directly responsible for the area concerned. In some instances a complaint may feel it is right to contact other parties; details of which are listed below.

CONTACT	TELEPHONE	EMAIL
Head of Internal Audit (Southern Internal Audit Partnership)	<u>Confirm number</u>	Neil.Pitman@hants.gov.uk
Chief Legal Officer	01372732148	ahealy@epsom-ewell.gov.uk
Chief Finance Officer	01372732201	lduffy@epsom-ewell.gov.uk
Chief Executive	01372 732104	kbeldon@epsom-ewell.gov.uk
Head of Policy, Performance & Governance	01372 732224	gmctaggart@epsom-ewell.gov.uk
RSM– Fraud Hotline (independent)	0845 0340 811	
Local Councillor		See list on IRIS or website
External Auditor – Grant Thornton –	020 7738 5100	Engagement Lead Sarah Ironmonger sarah.l.ironmonger@uk.gt.com Or website www.grant-thornton.co.uk
Local Government Ombudsman	0845 602 1983	www.lgo.org.uk
Public Concern at Work	02074046609	www.pcaw.co.uk
The Police	101	
Trade Union Official	Local representative see IRIS	

All allegations of theft, fraud or corruption will be referred to the Head of Policy, Performance & Governance for a decision on how an investigation should proceed.

Any calls taken by the Contact Centre relating to serious concerns will be directed to the Chief Finance Officer or Head of Policy, Performance & Governance without using the normal customer feedback procedures. Alternatively members of the public can telephone the confidential fraud and corruption helpline on **0845 0340811**.

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

6. PROSECUTION POLICY

- 6.1 The Council is committed to preventing fraud and corruption wherever possible.
- 6.2 However, where fraud and corruption occurs in any form it will be dealt with in a firm, controlled and confidential manner. It will be investigated fully and efficiently and the **Council will prosecute all offenders where appropriate** including, employees, councillors, contractors or external partners. The Council will seek the strongest possible sanction and redress using a multi-track system as suitable which may include criminal and civil proceedings or regulatory bodies.
- 6.3 The Head of Policy, Performance & Governance in consultation with the Chief Finance Officer and Chief Executive and also potentially with either the Head of Internal Audit or Chief Legal Officer will decide whether it is appropriate to refer a matter to the Police. In exceptional circumstances the Head of Policy, Performance & Governance can refer matters directly to the Police.
- 6.4 In deciding whether a fraud should be reported the following is taken into account: -
- The seriousness of the case;
 - The level of money involved;
 - The level of evidence obtained;
 - Whether the public interest will be served.
- 6.6 This prosecution policy will be operated in conjunction with the Council's disciplinary codes and all employees will be subject to the general disciplinary procedures as well as any prosecution process.
- 6.7 In all cases where financial loss to the Council has occurred, the Council will take appropriate action to recover the loss.

7. AWARENESS AND TRAINING

- 7.1 The key to introducing a successful Anti-Fraud and Anti-Corruption Strategy is to ensure it has credibility within the organisation, which depends on effective training and responsive staff.
- 7.2 The Council supports training for all staff involved in managing internal controls and will ensure that responsibilities and duties are regularly reviewed.
- 7.3 The Council supports induction training, staff appraisal and development. It supports governance and fraud awareness training. All staff and Councillors involved in internal systems need to understand their responsibilities and duties in regard to prevention and reporting of suspected fraud and corruption.

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

8. CONCLUSION

- 8.1 The Council is committed to tackling fraud and ensuring that a clear network of systems and procedures is in place to help prevent fraud.
- 8.2 When the Council changes its services or ways of working, managers will be expected to take into account fraud prevention and detection in new systems.
- 8.3 The Council is also committed to monitoring arrangements and the Head of Policy, Performance & Governance is responsible for regularly up dating this Strategy.

ADDITIONAL DOCUMENTS

The Anti-Fraud and Corruption Strategy, is not a standalone policy and the following documents are also available on E-Hub:

- The Council's Whistleblowing policy
- Constitution; including
 - Financial Regulations
 - Standing Orders
 - Contract Standing Orders
 - Codes of Conduct
 - Scheme of Delegation
- Terms and Conditions of Service
- Service Manuals and Procedures
- The Code of Conduct to any professional body to which they may belong.
- Fraud Response Plan (Restricted Disclosure)
- Anti Money Laundering Policy
- Anti Bribery Policy

The Anti Fraud and Anti Corruption Strategy will be reviewed every two years

EPSOM AND EWELL BOROUGH COUNCIL

STRATEGY AGAINST FRAUD AND CORRUPTION

GLOSSARY OF TERMS

The Chartered Institute of Public Finance and Accountancy (CIPFA) define Fraud as the:-

“The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets, or otherwise for gain or to mislead or misrepresent”.

In addition; any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

The Fraud Act 2006 further defines fraud in three classes; false representation; failure to disclose information where there is a legal duty to do so and abuse of position.

The Bribery Act 2010 replaces the offence of common law bribery and the existing statutory offences of corruption. The definition of bribery is the -
“Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

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“Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

The Theft Act 1968 defines theft as **“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”**