
ANTI-FRAUD AND CORRUPTION POLICY

1. FOREWORD

Cambridgeshire and Northamptonshire County Councils are committed to protecting the public funds entrusted to them and to upholding the highest standards of financial probity and accountability.

The cost of fraud to local government has recently been estimated at £2.2 billion a year (Fighting Fraud Locally 2012). This is money that should be used for local services and we have adopted a zero tolerance approach to any such attempts to divert much needed resources from our communities.

This policy clearly demonstrates that the Councils will take all necessary steps to prevent fraud and corruption. We are determined to detect any such attempts and will robustly pursue those responsible and recover losses, referring matters to the police where appropriate.

We cannot afford to be complacent and we urge all of our employees, contractors and partners to assist us in fighting fraud by familiarising themselves with this policy and being aware of the risk of fraud.

Cllr Bill Parker

Cabinet Member – Finance

Cllr Steve Count

Cabinet Member – Resources &
Performance

2. INTRODUCTION

2.1 This policy sets out the main principles for the countering of fraud and corruption within Cambridgeshire County Council.

2.2 Fraud and corruption are defined by the Audit Commission as:-

Fraud: 'any intentional false representation, including failure to declare information or abuse of position which is carried out to make gain, cause loss or expose another to the risk of loss'.

Corruption: 'the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person'.

2.3 The policy applies to:

- All organisations, contractors and partners associated with the Council;
- Employees at all levels;
- Elected Members;
- The users of our services.

3. STATUTORY DUTIES

3.1. Section 151 Officer

Under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985 the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs.

3.2. Chief Financial Officer

The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the role of the Chief Financial Officer (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

3.3. LGSS Head of Internal Audit

The LGSS Head of Internal Audit has a duty to monitor instances of financial irregularities within the Council as a whole, and to report certain details to external bodies, such as the Audit

Commission. Internal Audit also has a duty to ensure that appropriate investigations are carried out. For this reason immediate notification of a suspected financial irregularity to the LGSS Head of Internal Audit is essential.

4. CULTURE

- 4.1. The Council promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity, avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 4.2. It is the responsibility of managers, Members and individual employees to create and maintain a culture underpinned by the seven principles of public life defined by the Nolan Committee. These are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership. The behaviours associated with these principles are explained in more detail in Appendix A.
- 4.3. The first people to know of a risk will usually be those who work for the organisation. The Council actively encourages openness and expects any individual to report concerns or suspicions of fraud or corruption to their line manager without delay. Employees who feel unable to report to their line management should contact the LGSS Head of Internal Audit directly. Should there be a preference to make an anonymous notification then the Whistleblowing Policy should be used.
- 4.4. The Council also promotes an external Whistleblowing policy to encourage and enable contractors, suppliers and the public to raise any serious concerns.
- 4.5. The actions and responsibilities outlined within this strategy aim to help the Council to ensure that the culture and tone of the organisation continues to be one of honesty and opposition to fraud and corruption.
- 4.6. It must be recognised that the Council will not accept intentional misuse of the reporting and investigative process. It is the Council's policy to deal with any intentional abuse of the policy, such as raising malicious allegations, as a disciplinary matter.

5. DETERRENCE

- 5.1. The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the Council operates a zero tolerance approach will help deter those considering perpetrating fraudulent acts.
- 5.2. In order to deter any persons from attempting to defraud the County Council appropriate action will be taken to publicise the general outcomes of disciplinary action and to remind employees of the control measures that are in place.

- 5.3. Where any loss is incurred to fraud and corruption the Council will take action to effect maximum recoveries.
- 5.4. Managers are encouraged to conduct self assessments of the systems and procedures for which they are responsible and to regularly test high risk systems, for example income collection and banking procedures.
- 5.5. Elected Members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.
- 5.6. There is a high degree of external scrutiny of the Council's affairs by a variety of bodies including the Audit Commission, appointed External Auditors, and HM Customs and Excise. Although the primary purpose of this scrutiny is not to detect fraud or corruption the knowledge that regular inspections take place should act as a deterrent.

6. PREVENTION

- 6.1. All individuals within the Council have their role to play in ensuring that attempts at fraudulent behaviour are unsuccessful. The following table identifies the roles and responsibilities that key groups and individuals play in reducing the risk of fraud against the Council.

Group or individual	Fraud and Corruption prevention responsibilities
All Employees and Elected Members	<p>Elected Members and the Strategic Management Team lead a corporate framework that counters fraud and corruption. Together they ensure that the Council's values are upheld and promote the anti-fraud and corruption approach of the organisation.</p> <p>Members and employees, at all levels, have a responsibility to adhere to legal requirements, codes of conduct, standard procedures and best professional practice as well as raise any suspicions that they may have of fraudulent activity, whether attempted from within the Council or by any outside individual, group or organisation.</p> <p>Concerns can be raised without fear of recrimination through the Whistleblowing Process.</p> <p>Employees and members are expected to follow the relevant code of conduct, gifts and hospitality policies, IT security policies and to declare any interests they have in contracts that have been, or are proposed to be, entered into by the County Councils as required by section 117 of the Local Government Act 1972.</p>
Members of the public, partners and other stakeholders	<p>External partners, stakeholders and members of the public provide vital intelligence about fraud, corruption or malpractice.</p> <p>The external Whistleblowing procedures enable people with such concerns to report suspected illegal or illegitimate practices involving the Council. All Whistleblowers can raise their concerns without fear of victimisation, discrimination or disadvantage.</p>

Group or individual	Fraud and Corruption prevention responsibilities
<p>All Managers and Budget Holders</p>	<p>Managers are responsible for assessing the risk of fraud in their area and ensuring there are appropriate and effective controls in place to mitigate the risk. Budget holders in particular have a key accountability and responsibility to operate financial controls, as set out in the Financial Regulations.</p> <p>Managers are responsible for ensuring that recruitment procedures are followed at all times and this includes obtaining references as to a prospective employee's honesty and integrity.</p> <p>Managers who receive information about any suspected fraud or corruption must, in accordance with the Council's Whistleblowing Procedures and Fraud Response Plan, report it immediately to the LGSS Head of Internal Audit, who will ensure that the appropriate senior managers are informed and investigation protocols are followed.</p> <p>Managers must maintain a continuous assessment of risks associated with the service activities for which they are responsible, including risks of fraud and impropriety, and maintain effective controls to mitigate those risks. Managers should promptly implement agreed management actions where weaknesses in controls are identified during audit reviews.</p> <p>When policies, service delivery arrangements (such as partnerships) and systems are being developed managers should obtain appropriate advice from Finance, Internal Audit and Legal Services.</p> <p>Managers must invoke disciplinary policies and practices in the event of suspected fraudulent activity by employees arising from breaches of the Code of Conduct or incidents of whistleblowing.</p>
<p>All recruiting managers</p>	<p>Recruiting managers must manage the risk of inappropriate or fraudulent appointment of Council employees (or volunteers) by adhering to recruitment and selection policies and procedures. The Audit Commission identifies this area as a key area of concern; it is essential that effective propriety checks are undertaken.</p> <p>Where necessary, recruiting managers are responsible for undertaking the appropriate level of Criminal Records Bureau and Disclosure checks in the appointment of employees (and where appropriate Elected Members). Positions requiring checks will include those where duties involve regular contact with children and vulnerable adults, certain named professions, and senior managers in banking and financial services.</p>
<p>Section 151 Officer</p>	<p>This officer has statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper arrangements for the Council's financial affairs.</p> <p>Proper arrangements include setting out a framework of procedures and responsibilities placed on employees in relation to the Council's financial activity. The Financial Regulations and Contract Regulations are at the forefront of the prevention and detection of fraud.</p> <p>This officer is responsible for monitoring the implementation of the Council's Prevention of Fraud and Corruption Strategy, which outlines the actions that will be taken to ensure a pro-active approach in this area.</p>

Group or individual	Fraud and Corruption prevention responsibilities
<p>LGSS Internal Audit team</p>	<p>This service helps in fostering the anti-fraud approach of the organisation, and provides appropriate publicity and raises awareness.</p> <p>The service leads investigations into allegations of fraud and corruption in accordance with the Fraud Response Plan, and advises the Strategic Management Team and Audit and Accounts Committee on cases of fraud and corruption, and the outcomes of investigations.</p> <p>The service monitors and reviews the existence, appropriateness, and effectiveness of internal controls, including those controls which aim to manage the risk of fraud. The outcome of this work will inform their opinion on the internal control environment, future internal audit plans and ultimately the Annual Governance Statement.</p> <p>The service leads on the Council's participation in the National Fraud Initiative, which is an exercise based upon the exchange and comparison of information with other local authorities and agencies. It identifies possible fraudulent activity across a range of areas, including payroll, pensions and creditor payments.</p>
<p>Monitoring Officer</p>	<p>This officer has statutory responsibility for advising the Council on the legality of its decisions and on the conduct of Councillors and Officers.</p>
<p>LGSS Director of Human Resources and Organisational Development</p> <p>Recruitment team</p>	<p>The LGSS Director of Human Resources and Organisational Development has constitutional responsibility for ensuring robust and equitable policies and procedures are in place with regards to recruitment and selection, CRB and disclosure checks and disciplinary policies and practices.</p> <p>The Recruitment Team have a responsibility to advise on and adhere to policies and procedures.</p>
<p>Corporate Management Team and Heads of Service</p>	<p>These groups of managers are responsible for maintaining the anti-fraud approach within the Council.</p> <p>They are responsible for ensuring that anti-fraud and corruption controls, including those in the computerised environment, are properly maintained and effective.</p> <p>Service and Corporate Directors are required to sign an annual statement that gives assurance on the adequacy of controls in their area, including controls aimed at preventing fraud and corruption.</p>

7. DETECTION

- 7.1. The array of preventative systems, particularly internal control systems within the County Council, help to provide indicators of, and help to detect, any fraudulent activity.
- 7.2. The annual programme of internal audit work includes reviews of areas at risk of fraud. Any irregularity identified by Internal Audit as part of its normal review function will be reported and investigated in accordance with the Fraud Response Plan.
- 7.3. Despite the best efforts of managers and auditors, many frauds are discovered by chance, or 'tip-off', and the Council promotes the Whistleblowing policy to encourage and enable these to be reported.
- 7.4. Members of the public are encouraged to report any concerns which they may have through the external Whistleblowing process or by using the Council's formal complaints procedures.
- 7.5. The Council participates in the National Fraud Initiative data matching exercises and thoroughly investigates the matches that are identified. Where any instances of fraud or overpayment are identified action is taken to recover any losses.
- 7.6. The Council is a member of the National Anti Fraud Network and receives regular intelligence bulletins about the latest fraud threats which are disseminated to the relevant departments and officers.

8. INVESTIGATION

- 8.1. The Fraud Response Plan [\[link\]](#) gives full guidance on how the Council conducts investigations into allegations of fraud and the roles and responsibilities of all parties involved.
- 8.2. When managers suspect that fraudulent activity may have occurred they must report this immediately to the LGSS Head of Internal Audit who will ensure that all evidence is secured immediately. Once the potential extent of the allegation has been established the LGSS Head of Internal Audit will meet with the relevant Director and HR Business Partner to agree the strategy and approach for conducting the audit investigation and appoint the Investigating Officer.
- 8.3. Investigating Officers are required to ensure that investigations are fair, complete and objective and that they comply with the relevant statutory requirements and Disciplinary Procedures.
- 8.4. The Investigating Officer must be suitably trained and experienced in undertaking fraud investigations, as their findings may need to be referred to the Police and the evidence needs to be collected to a criminal evidence standard. As a result, allegations of financial impropriety will usually be investigated by a qualified member of the Internal Audit team.

- 8.5. Where criminal activity is suspected the LGSS Head of Internal Audit will notify the Police and seek their advice. Internal Audit will work to aid and support the Police investigation whilst continuing to pursue the internal investigation and disciplinary procedures.
- 8.6. Reports of incidents involving elected Members must be passed on to the Monitoring Officer who will decide on appropriate action, in consultation with an Independent Person.

9. SANCTIONS

- 9.1. After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions - disciplinary, civil and criminal - are considered. For elected members this will include the sanctions available for breaches of the Members' Code of Conduct. The level of sanction pursued will be considered at the end of the investigative process when all evidence is available.
- 9.2. Following a Fraud investigation the Internal Audit team will produce a detailed report of findings for consideration by management. The Head of Service will then decide, in consultation with Human Resources, whether a disciplinary hearing will be required. Any resulting disciplinary hearing will be conducted in accordance with the disciplinary procedures.
- 9.3. Members and employees presiding over disciplinary hearings have an important role to play in supporting the Council's commitment to oppose fraud and corruption. Appropriate and consistent disciplinary action must be taken where misconduct is judged to have taken place.
- 9.4. The outcome of a disciplinary process may include a range of levels of warning or, where gross misconduct is found, dismissal of the individual concerned.
- 9.5. When fraud or impropriety has been perpetrated by organisations or individuals with whom the Council has a contractual relationship the Council will take robust action including, where appropriate, the termination of the contract, publication of findings and civil recovery proceedings.

10. REDRESS

- 10.1. The manager responsible for the service in which a loss has occurred as a result of fraud or other misconduct must ensure that all possible means to recover losses are pursued and that effective co-operation takes place between interested parties.
- 10.2. When an employee offers to resign before a disciplinary hearing takes place the manager of the service concerned must consult the LGSS Head of Internal Audit, Human Resources and Legal services to decide the most appropriate action to be taken and how to enforce the repayment of all losses incurred by the Council.

- 10.3. When a case has been referred to the Police and a criminal prosecution takes place the investigating police officer will be asked to submit a request that an order for compensation is made by the Court, unless otherwise decided.
- 10.4. When neither a voluntary agreement nor a compensation order is made the manager will consult the Monitoring Officer about other legal action that can be taken to recover the Council's losses. This may include making application for recovery from an employee's pension fund.

11. SUBSEQUENT ACTION

- 11.1. Where an investigation identifies an incident of fraudulent behaviour the Internal Audit team will review the internal controls and report on the weaknesses in the system that had allowed this fraud to occur. This will be reported to the relevant manager and it will be the manager's responsibility to promptly and robustly implement agreed actions to resolve this.
- 11.2. The Council's external auditor will be informed by the LGSS Head of Internal Audit of all major incidents of fraud or financial impropriety and on occasion it may also be necessary to inform other organisations such as HM Customs and Excise, HM Inspector of Taxes and the Department of Work and Pensions.
- 11.3. The LGSS Head of Internal Audit and the LGSS Head of Organisational and Workforce Development regularly report the details of investigations of fraud, financial irregularity and other misconduct to the Chief Executive, the Monitoring Officer and the Section 151 Officer for them to consider what further preventative action is appropriate.
- 11.4. The annual report of Internal Audit activity that is considered by the Audit and Accounts Committee includes a summary of investigations that have occurred and the action that is required to prevent similar problems recurring. A summary report will also be presented to Strategic Management Team.

12. CONCLUSION

- 12.1. The Council is determined that the values of the organisation represent honesty and integrity and opposition to fraud and corruption. The Council aims to prevent and detect fraud through the robust, transparent and unequivocal procedures and systems detailed in this policy, in line with best practice.

Last reviewed:

Next review:

Owner of policy: **LGSS Head of Internal Audit**

Appendix A

1. THE SEVEN PRINCIPLES OF PUBLIC LIFE: *The Nolan Committee*

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix B

Useful links:

- Fraud Response Plan [link]
- Whistleblowing Policy [link]
- Money Laundering Policy and employee guidance [link]
- Code of Conduct – Employees [link] and Members [link]
- Disciplinary Procedures [link]
- Adult Safeguarding guidance and procedures [link]
- Fraud is defined within the Fraud Act 2006:
http://www.opsi.gov.uk/acts/acts2006/pdf/ukpga_20060035_en.pdf

Appendix C

Contact details

Name	Contact Details
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Public Concern at Work: a registered charity whose services are free and confidential	020 7404 6609 whistle@pcaw.co.uk
PWC The Council's external auditors	020 7804 0436