



# Charnwood



## **ANTI-FRAUD & CORRUPTION STRATEGY**

**Revised March 2024**

# 1. POLICY STATEMENT

- 1.1 In conducting its business Charnwood Borough Council is committed to the prevention, detection and investigation of fraud and corruption. It is expected that individuals and organisations who deal with the Council treat us and our customers in a fair and honest way. All cases of potential fraud and corruption seriously.
- 1.2. The Council promotes an anti-fraud and corruption culture through:
- good systems of internal control to prevent and detect fraud and corruption
  - prompt detection and investigation of any fraud and corruption
  - sanctions against those individuals committing fraud and corruption
  - recovery of any losses.
- 1.3. Preventing and detecting fraud and corruption as the joint responsibility of all those within the Council who are involved in:
- providing strategic direction and policy
  - managing resources
  - the day-to-day operation of Council activities.

## 2. AIM OF THE STRATEGY

- 2.1. The aim of this strategy is to set out the Council's approach to dealing with potential cases of fraud and corruption and the expectations of its staff, councillors and others in tackling fraud and corruption.
- 2.2. Through this strategy, and its associated procedures, the Council will enable employees, councillors and other individuals who may have concerns about potential fraud or corruption related to any aspect of Council activity, to voice those concerns and ensure that they are responded to effectively.

## 3. DEFINITION OF FRAUD AND CORRUPTION

### 3.1. Fraud

The Fraud Act 2006 is legislation that has been introduced in order to provide absolute clarity on the subject of fraud. Section 1 of the Act introduced a new general offence of fraud and three ways of committing it:

- fraud by false representation;
- fraud by failing to disclose information; and
- fraud by abuse of position.

Fraud by false representation requires:

- dishonesty;
- an intent to make gain or cause loss; and

- the person makes the representation knowing that it is or might be untrue or misleading. Fraud by failing to disclose information requires:
- dishonesty;
- an intent to make gain or cause loss; and
- failure to disclose information where there is a legal duty to disclose.

Fraud by abuse of position requires:

- dishonesty;
- an intent to make gain or cause loss; and
- abuse of a position where one is expected to safeguard another person's financial interests.

### 3.2 Corruption

Corruption is a form of dishonesty or criminal activity undertaken by a person or organisation entrusted with a position of authority, often to acquire illicit benefit.

## 4. **RESPONSIBILITIES**

### 4.1 Responsibilities of Elected Members

As elected representatives, all members of the Council have a duty to protect the Council and public money from any acts of fraud and corruption. This is done through existing practice, compliance with the Members' Code of Conduct, the Council's Constitution including Financial Regulations and Contract Procedure Rules Orders and relevant legislation.

### 4.2 Responsibilities of the Monitoring Officer

The Monitoring Officer is responsible for ensuring that all decisions made by the Council are within the law.

The Monitoring Officer's key role is to promote and maintain high standards of conduct throughout the Council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standards policies.

### 4.3 Responsibilities of the Section 151 Officer

The Director of Finance, Governance & Contracts has been designated as the statutory officer responsible for financial matters as defined by s151 of the Local Government Act 1972.

The legislation requires that every local authority in England and Wales should 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs'. Under the Director of Finance, Governance & Contracts responsibilities, 'proper administration' encompasses all aspects of local authority financial management including:

- compliance with the statutory requirements for accounting and internal audit;
- managing the financial affairs of the Council;
- the proper exercise of a wide range of delegated powers both formal and informal;

- the recognition of the fiduciary responsibility owed to local tax payers.

Under these statutory responsibilities the Section 151 Officer contributes to the antifraud and corruption framework of the Council.

#### 4.4 Responsibilities of Officers

Each employee is governed in their work by the Council's Contract Procedure Rules, Financial Regulations, Financial Procedure Rules and other codes of conduct and policies (Employee Code of Conduct, Health and Safety Policy, IT Acceptable Use Policy and Information Security Policy).

Included in the Employee Code of Conduct are guidelines on Gifts and Hospitality, and advice on professional and personal conduct and conflicts of interest. Appropriate disciplinary procedures will be invoked where there is a breach of policy.

Employees are responsible for ensuring that they follow instructions given to them by management, particularly in relation to the safekeeping of the assets of the Council.

Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management.

#### 4.5 Role of the External Auditors

Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by Azets through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption.

It is not the external auditor's function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern.

External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice.

#### 4.6 Role of the Public

This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

#### 4.7 Conflicts of Interest

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 on impartial advice and avoid questions about improper disclosure of confidential information.

### **5. PREVENTION AND DETERRENCE**

- 5.1 Responsibilities of the Senior Management Team Managers at all levels are responsible for the communication and implementation of this policy. They are also responsible for ensuring that their employees are aware of the Council's policies

and procedures relating to financial management and conduct and that the requirements are being met. Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Special arrangements may be applied from time to time for example where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll or the Council Tax system. These procedures should be supported by relevant training.

Management has responsibility for the prevention of fraud and corruption within all departments. It is essential that managers understand the importance of soundly designed systems which meet key control objectives and minimise opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own department's activities and for implementing appropriate strategies to minimise this risk.

The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Council's formal recruitment procedures contain appropriate safeguards in the form of written references, the verification of qualifications held and employment history. Disclosure and Barring Service (DBS) checks are undertaken for employees working with or who may have contact with children and vulnerable adults.

## 5.2 Role of Internal Audit

Internal Audit plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations and Single Person Discount fraud, in accordance with agreed procedures. Within the Financial Regulations in the Constitution, representatives of Internal Audit have the authority to, at any reasonable time, apply any test or check they deem necessary to the accounts, cash, securities or other properties or records which relate in any way to the operations of the Council and can require and receive such explanations from any Officer or Member as deemed necessary.

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.

## 5.3 Working with Others and Sharing Information

The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies for auditing or administering public funds including the Cabinet Office, the Department of Work and Pensions, other local authorities, National Anti-Fraud Network, HM Revenues and Customs, and the Police.

#### 5.4 National Fraud Initiative (NFI)

The Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets, for example payroll, Council Tax, and accounts payable (but not limited to these) which are then matched to data held by other public bodies. Any positive matches (e.g. an employee on the payroll in receipt of housing benefit) are investigated.

#### 5.5 Data Sharing

In the interests of protecting the public purse and the prevention and detection of fraud, members of staff are actively encouraged to report any instances of fraud. The Council has published fair processing notices on our website, notifying members of the public that we will share information held between departments and other third party organisations as appropriate in order to prevent and detect crime.

#### 5.6 Training and Awareness

The successful prevention of fraud is dependent on risk awareness, the effectiveness of training and the responsiveness of staff throughout the Council. The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees and will therefore take appropriate action to raise awareness levels.

#### 5.7 Disciplinary Action

The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Theft, fraud, and corruption are serious offences which may constitute gross misconduct against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities, including benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

Members will face appropriate action under this policy if they are found to have been involved in theft, fraud, or corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Members' Code of Conduct, then it will be dealt with under the arrangements agreed by the Council in accordance with the Localism Act 2011.

#### 5.8 Prosecution

In terms of proceedings the Council will endeavour to take action in relevant cases to deter others from committing offences against the Authority. Any prosecution will be in accordance with the principles contained within The Code for Crown Prosecutors.

#### 5.9 Publicity

The Council will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. Wherever possible, where the Council has suffered a financial loss action will be taken to pursue the recovery of the loss. All anti-fraud and corruption activities, including the update of this policy, will be

publicised in order to make employees and the public aware of the Council's commitment to taking action on fraud and corruption when it occurs.

## **6. DETECTION AND INVESTIGATION**

- 6.1 Although audits may detect fraud and corruption as a result of the work that they are undertaking, the responsibility of the detection of financial irregularities primarily rests with management. Included within the audit plans are reviews of system controls including financial controls and specific fraud and corruption tests, spot checks and unannounced visits.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection. In some cases frauds are discovered by chance or 'tip-off' and the Council will ensure that such information is properly dealt with within its Whistleblowing policy.

The Council is committed to the investigation of all instances of actual, attempted and suspected fraud committed by employees, members, consultants, suppliers and other third parties and the recovery of funds and assets lost through fraud.

Any suspected fraud, corruption or other irregularity should be reported to Internal Audit. The Audit Manager will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policies and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.

Action could include:

- investigation carried out by Internal Audit staff;
- joint investigation with Internal Audit and relevant directorate management;
- directorate staff carry out investigation and Internal Audit provide advice and guidance;
- referral to the Police.

The responsibility for investigating potential fraud, corruption and other financial irregularities within the Council lies mainly (although not exclusively) with the Internal Audit section.

## **7. RAISING CONCERNS**

- 7.1 All suspected or apparent fraud or financial irregularities must be raised, in the first instance, directly with the manager or, if necessary, in accordance with the Council's Whistleblowing Policy. Advice and guidance on how to pursue matters of concern may be obtained from the Council's nominated contact points who are:

- Chief Executive: [Rob.mitchell@charnwood.gov.uk](mailto:Rob.mitchell@charnwood.gov.uk)  
Telephone 01509 634600
- Monitoring Officer: [Karen.widdowson@charnwood.gov.uk](mailto:Karen.widdowson@charnwood.gov.uk)  
Telephone 01509 634785

- Section 151 Officer: [Simon.jackson@charnwood.gov.uk](mailto:Simon.jackson@charnwood.gov.uk)  
Telephone 01509 634699
- Audit Manager: [Kerry.beavis@charnwood.gov.uk](mailto:Kerry.beavis@charnwood.gov.uk)  
Telephone 01509 634806

## **8. Review**

- 8.1 This policy will be reviewed annually or if legislation changes sooner.



**THE SEVEN PRINCIPLES OF PUBLIC LIFE**

**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 organisation 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 and 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 action that 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. Committee on Standards in Public Life - The Nolan Report (1995)