



**ANTI-FRAUD AND
CORRUPTION STRATEGY**

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INTRODUCTION

The purpose of this Anti-Fraud and Corruption Strategy is to set out the Council's commitment towards the prevention of fraud and corruption (including bribery) from both internal and external sources, and is primarily designed to:

- encourage prevention,
- promote detection; and
- identify a clear pathway for investigation.

The Council's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to prevent any attempted fraudulent or corrupt act. These cover:

- Culture (Section 1)
- Prevention (Section 2)
- Detection and Investigation (Section 3)
- Training (Section 4)

This document has been made publicly available via the Council's website and intranet and all staff have been informed of its existence and revision.

SCOPE

Under the Fraud Act 2006 a person is guilty of fraud by:

- False representation
- Failing to disclose information, or
- Abuse of position.

In each case the person is in breach of the act if, by their actions or lack of action, they intend to make a gain for themselves, or cause a loss to another or expose another to a risk of loss.

Obviously fraud can be perpetrated by persons outside as well as inside an organisation. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

The Bribery Act 2010 came into force on 1 July 2011. The Act creates the following offences:

- Offering, promising or giving a bribe.
- Requesting, agreeing to receive or accepting a bribe
- Bribing a foreign official to obtain or retain business

- Failure by an organisation to prevent bribery by those acting on its behalf

The Bribery Act has implications for all Council staff, Members and third parties who act for and on behalf of the Council in the discharge of its functions. All parties doing business with, or on behalf of the Council, are required to comply with the requirements of the Act.

Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of IT was a material factor in the perpetration of fraud. This definition includes the fraudulent use of computer time and resources.

Whilst the ethos and required outcome of this Strategy is expected to remain constant, the procedures and processes by which this is undertaken may alter over time due to the changing nature of fraud, improvements in investigation techniques, and alterations to legislation. This Strategy will therefore be reviewed regularly.

EXPECTATIONS AND RESPONSIBILITIES

The Council expects and requires all its officers, Members, contractors and all who associate with the Council to act with propriety and accountability, including adherence to the following

- Directors and their managers are responsible for preventing and detecting fraud and corruption including bribery.
- All individuals and organisations associated in whatever way with the Council will act with integrity and conduct their business in a forthright and honest manner. In particular, they must pay regard to the requirements of the Bribery Act 2010 when acting on behalf of the Council or doing business with the Council.
- Council Members and employees will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- Individuals are expected to declare all potential conflicts of interest that may affect their independence within their role as Members or officers.
- The Strategic Director (Internal Services) has a statutory responsibility under Section 151 of the Local Government Act 1972, to ensure the proper arrangements of the Council's financial affairs. The Council has a Financial Guidance Manual and other accounting instructions which underpin Financial Regulations and outline the systems, procedures and responsibilities of employees in relation to the Councils' financial activities.

- Directors and Officers have a duty to report any allegations or suspicions of fraud, bribery or corruption, to the Section 151 Officer, the Monitoring Officer and the Financial Services Manager who is also the Money Laundering Reporting Officer (MLRO). Officers are required to familiarise themselves with the Council's Whistleblowing Policy.
- The MLRO has a responsibility to disclose all known or suspected money laundering offences to the Serious Organised Crime Agency.
- All staff are responsible for raising suspicions with the Counter Fraud Team about an individual's circumstances regarding their Council Tax Discount & Exemptions, in line with the "Local Taxation/Council Tax Support Fraud and Compliance Strategy".
- The Strategic Director (Internal Services) will ensure that allegations of fraud and corruption are investigated and where appropriate, reported to the Audit Board.
- As part of their statutory duties the External Auditor is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

These requirements are covered in further detail in the sections that follow.

1. CULTURE

- 1.1 The Council is determined that the culture and ethos is one of honesty, integrity and opposition to fraud and corruption, including bribery.
- 1.2 To promote this culture all managers, supported by relevant Council policies, should promote an environment in which employees believe that dishonest acts will be detected and investigated.
- 1.3 The Council has developed and is committed to employing systems and procedures, which incorporate efficient and effective internal controls; this includes adequate separation of duties to ensure that error or impropriety are prevented or detected. Under Financial Regulations and Contract Procedure Rules, Directors and Senior Officers must ensure that such controls, including those in a computerised environment, are properly documented, maintained and effective.
- 1.4 The overall framework of internal controls within the Council is reviewed and reported upon annually. An independent review of the existence, appropriateness and compliance with particular internal controls are

- carried out across the Council, by the Internal Audit Section, on a risk assessed basis.
- 1.5 To aid this, the Council has proper arrangements within the Whistleblowing Policy which sets out communication channels and information regarding how to make a complaint, including arrangements for raising complaints or allegations in confidence, and safeguarding of anonymity of complainants.
- 1.6 The normal route for raising concerns is via the employee's line manager, however, other routes have been provided for circumstances where this may not be appropriate. Examples of such routes include:
- Managing Director
 - Section 151 officer
 - Directors
 - Relevant Head of Service
 - Internal Audit Manager
 - Internal Audit Section
 - Counter Fraud Team
 - Whistleblowing Procedure
- 1.7 If employees feel unable to raise their concerns through any of the above internal routes then they may wish to raise them through Public Concern at Work (<http://www.pcaw.co.uk/>), a registered charity whose services are free and strictly confidential.
- 1.8 Members of the public are also encouraged to report concerns through the above routes or, if appropriate, through the Council's Corporate Complaints Procedures.
- 1.9 The Council will further demonstrate their commitment to the culture of integrity through prompt and thorough investigation of any matter brought to their attention.

2. PREVENTION

- 2.1 Effective communication of our respective cultures regarding sound ethics and integrity will contribute towards having at least, a deterrent effect to potential fraud, corruption or bribery.
- 2.2 One of the methods used to both detect and deter fraudulent payments made through the Council's systems is the quarterly random invoice checks ("Cardiff Checks") that are undertaken by Internal Audit on behalf of Members.

- 2.3 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.
- 2.4 Employee recruitment must comply with the Council's HR Policy. References will be sought and a Baseline Personnel Security Standard (BPSS) check will be made for all new starters. For specific roles such as those which require working with children, young persons and/or adults at risk, a Disclosure and Barring Services (DBS) check will be necessary before commencement of employment.
- 2.5 The Council has a series of policies and codes which are communicated to all employees and Councillors to ensure they are aware of activities that are permitted and prohibited, including relevant actions that will be taken if requirements are breached.
- 2.5.1 Employees:
- The Employee's Handbook;
 - Disciplinary Procedure;
 - Standing Orders, which remind employees 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 or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration;
 - Financial Regulations;
 - Contract Standing Orders;
 - Local Taxation/Council Tax Support Fraud and Compliance Strategy
 - Whistleblowing Policy.
- 2.5.2 Councillors:
- The Constitution
 - Member Code of Conduct;
 - Standing Orders on Declarations of Interest;
 - Financial Regulations.
 - Contract Procedure Rules.
- 2.6 In view of the rapid increase in fraud perpetrated against local authorities and benefits agencies, including fraudsters having multiple identities and addresses, there is a need to liaise and share information with other agencies and regulators in the fight against fraud and corruption.

- 2.7 Arrangements are in place to develop and encourage the exchange of information between other external agencies on national and local fraud and corruption activity, to help both prevent and detect these activities.

3 DETECTION AND INVESTIGATION

- 3.1 The array of preventative measures, including internal control systems within the Council, has been designed to deter fraud. Monitoring controls, if properly applied, should facilitate the identification of any unusual activity.

- 3.2 Managers should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

- 3.3 On discovery of any impropriety, fraud or breach of procedure, employees are required by Financial Regulations and Code of Conduct, to report to their Director or Senior Manager who should then immediately take appropriate action in line with Financial Regulations, the Employee Code of Conduct or the Council's Whistleblowing Policy as appropriate. It is essential that the correct procedure is complied with, in order to ensure:

- consistent treatment of information regarding fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the optimum protection of the Council's interests.

- 3.4 Investigations will be carried out in line with the procedures in the Disciplinary Policy, and may include:

- An Investigating Officer
- Internal Audit Team
- Counter Fraud Team
- Serious Organised Crime Agency (SOCA)
- National Anti-Fraud Initiative (NFI)
- Police

- 3.5 The External Auditor also has powers to independently investigate fraud and corruption where they believe it exists, and the Council can use their services for this purpose.

- 3.6 Where a fraud has occurred management must subsequently make any necessary changes to systems and procedures to minimise the risk of similar frauds recurring. The investigation may have identified where there has been a failure of supervision, breakdown or an absence of control.

The Internal Audit Section is available to offer advice and assistance on matters relating to internal control.

4. TRAINING

- 4.1 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees throughout the organisations.
- 4.2 Specific training will be provided for specialist staff as required.

5. STRATEGIC REVIEW

- 5.1 This strategy will be reviewed annually. The review will take account of any suggestions made by officers, members and changes in professional or regulatory requirements. However, a review may not necessarily result in changes to the strategy if it is not considered that a change will result in practical benefit. All changes will be subjected to approval and endorsed by the Audit Board.



If you or anybody you know requires this or any other council information in another language, please contact us and we will do our best to provide this for you. Braille, audio tape and large print versions of this document are available upon request.

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Calls are welcome via NGT Relay

Appendix A

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