



# Anti-Fraud & Corruption Strategy

## **Document Details:**

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## 1. Introduction

1.1 In administering its responsibilities, Worcestershire County Council takes a zero tolerance stance against fraud, corruption and theft, both from within the Council and from external sources. The Council is committed to an effective anti-fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities. The Council will thoroughly investigate all suggestions of fraud, corruption or theft which it recognises can:

- Undermine the standards of public service that the Council is attempting to achieve
- Reduce the level of resources and services available for the residents of Worcestershire
- Result in major consequences which reduce public confidence in the Council.

1.2 Any proven fraud, theft or corruption will be dealt with in a consistent and proportionate approach. Appropriate sanctions and redress will be pursued against anyone perpetrating, or attempting to perpetrate, fraud and every effort will be made to recover any losses incurred by the Council as a consequence of fraud, theft or corruption.

## 2. Definitions

2.1 **Fraud** is a deception which is deliberate and intended to provide a direct or indirect personal gain. The term "fraud" can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception, a fraudster can gain an advantage, avoid an obligation or cause loss to another party. The Fraud Act 2006 identified three criminal offences of fraud by:

- False representation
- Failure to disclose information
- Abuse of position.

2.2 **Corruption** is the deliberate misuse of your position for direct or indirect personal gain. Corruption includes offering, giving, requesting or accepting bribe or reward, which influences your actions or the actions of someone else.

2.3 **Theft** is where someone steals cash or other tangible assets. A person is guilty of "theft" if he or she dishonestly takes property belonging to someone else with the intention of permanently depriving the owner of it.

2.4 **Bribery**: The Bribery Act 2010 received Royal Assent on 8<sup>th</sup> April 2010. Previously, bribery had been viewed within the definition of corruption, as defined within the Council's Anti-Fraud & Corruption Strategy. The Bribery Act 2010 introduced four main offences connected to the improper performance of a function, simplified as the following:

- Bribing another person: a person is guilty of an offence if he/she offers, promises or gives a financial or other advantage to another person
- Offences relating to being bribed: a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not

- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official
- Failure of commercial organisations to prevent bribery: organisations, which include the County Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

Note: A "financial" or "other advantage" may include money, assets, gifts or services.

### **3. Scope**

3.1 This document applies to:

- All County Council employees (including agency staff) and Councillors;
- Staff and Committee Members of Council funded voluntary organisations;
- Partner organisations;
- Council contractors, suppliers and consultants;
- Council maintained schools; and
- Worcestershire residents.

### **4. Aims & Objectives**

4.1 The aims and objectives of the Anti-Fraud & Corruption Strategy are to:

- Ensure that the Council is protected against fraud and loss
- Protect the Council's resources by ensuring they are not lost through fraud but are used for improved services to Worcestershire residents
- Create an "anti-fraud" culture which highlights the Council's zero tolerance of fraud, corruption or theft, which defines roles and responsibilities and actively engages all stakeholders (the public, Councillors, staff at all levels and policy makers)
- Provide a best practice anti-fraud service which:
  - Proactively deters, prevents and detects fraud, corruption and theft
  - Investigates suspected or detected fraud, corruption and theft
  - Enables the council to apply appropriate sanctions and recover all losses
  - Provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

### **5. Principles**

5.1 The Council will not tolerate the abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this Strategy.

5.2 The Council will ensure that the level of resources dedicated to counter-fraud activities are sufficient and all those involved are trained to deliver a professional counter fraud service to the highest possible standards.

5.3 Fraudulent activity is unacceptable and will result in disciplinary, legal and/or criminal action against the individual(s) concerned. The Council will also pursue the repayment of any financial or other gain from individuals involved in malpractice and

wrongdoing. The Council will ensure consistency, fairness and objectivity in all fraud investigation work and that everyone is treated equally.

- 5.4 The Council will work with its partners (such as the Police, District Councils, and other investigative bodies) to strengthen and continuously improve its arrangements to prevent fraud and corruption.

## 6. Responsibilities

<b>Stakeholder</b>	<b>Specific Responsibilities</b>
<b>Chief Executive (Head of Paid Service)</b>	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
<b>Chief Financial Officer (Section 151 Officer)</b>	To ensure the Council has in place an effective anti-fraud strategy, there is an effective internal control environment in place and there is an effective internal audit service in place to provide an objective view of the internal control environment.
<b>Monitoring Officer (Head of Legal and Democratic Services)</b>	To help ensure that the Council does not act unlawfully
<b>Audit &amp; Governance Committee</b>	To monitor the Council's strategies and policies and consider the effectiveness of the Whistleblowing Policy and Anti-Fraud and Corruption Strategy.
<b>Councillors</b>	To promote and support the Council's stance on fraud, corruption and bribery.
<b>External Audit</b>	A statutory duty to ensure that the Council has in place sound arrangements for the prevention and detection of fraud, corruption, bribery and theft.
<b>Internal Audit</b>	To develop and implement the Council's Anti-Fraud and Corruption Strategy and to investigate any cases of suspected fraud reported under this Strategy or via the Whistleblowing Policy. To provide advice and reviews on the effectiveness of internal controls which are designed to reduce the risk of fraud, corruption, bribery and theft.
<b>Heads of Service and Service Managers</b>	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that strong internal controls are in place and that these are properly implemented.
<b>Staff</b>	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management and/or Internal Audit, taking into consideration, if necessary, the Whistleblowing Policy
<b>Public, Partners, Suppliers, Contractors and Consultants</b>	To be aware of the possibility of fraud, corruption and bribery against the Council and report any genuine concerns or suspicions

## 7. Approach to Countering Fraud

- 7.1 Worcestershire County Council will fulfil its responsibility to reduce fraud and protect its resources by completing work in each of the following key areas:
- 7.2 **Deterrence:** The Council will promote and develop a strong anti-fraud culture, raise awareness and provide information on all aspects of its anti-fraud work. This will include publicising the results of proactive work, fraud investigations, investigating fraud referrals and seeking the recovery of losses due to fraud.
- 7.3 **Prevention:** The Council will ensure strong measures are in place to prevent fraud. Internal Audit will work with managers and policy makers to ensure that any new and existing systems, procedures and policy initiatives consider any fraud risks and that there are appropriate controls in place which are operating effectively. Internal Audit will also consider any fraud risks in routine audit work undertaken.
- 7.4 **Detection:** The Monitoring Officer maintains a log of all fraud referrals made to him. The log helps to establish any areas of the Council that are particularly vulnerable to the risk of fraud. The Council also relies on all stakeholders to be alert and to report any suspicion of fraud and corruption.
- 7.5 **Investigation:** All reported incidents of fraud or irregularity will be thoroughly investigated as will cases of suspected fraud reported via the Whistleblowing Policy.
- 7.6 **Sanctions:** Realistic and effective sanctions will be applied to individuals or organisations where an investigation reveals fraudulent activity. This may include legal, criminal and disciplinary action, as appropriate.
- 7.7 **Redress:** A key element of the Council's response to tackling fraud is recovering any monies lost through fraud. The recovery of defrauded monies is an important part of the Council's strategy and will be rigorously pursued where appropriate.

## 8. Reporting, Advice & Support

- 8.1 It is important that any suspicions of fraud or corrupt practices are reported as appropriate. Such suspicions should be reported to your line manager (or a more senior manager if you suspect your line manager may be involved), the Senior Manager: Internal Audit & Assurance and the Monitoring Officer.
- 8.2 To avoid potentially contaminating evidence, managers should not investigate themselves and should instead immediately report all suspicions of fraud or corruption to the Internal Audit Department.
- 8.3 All concerns raised will be treated with discretion and in confidence. If advice or support is required, you should contact the Senior Manager: Internal Audit & Assurance.

## **9. Outcomes**

9.1 Investigation in itself does not solely represent the outcomes of anti-fraud work. The effectiveness of anti-fraud arrangements will be measured by focusing on outcomes such as:

- High levels of fraud awareness
- Levels of recovery
- Levels of reporting
- Reducing the risk of fraud and in doing so, protecting the Council's resources

## **10. Legislative Requirements**

10.1 The Council will have full regard to relevant legislative requirements, including but not limited to:

- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Money Laundering Regulations 2007
- Fraud Act 2006
- Bribery Act 2010
- Competition Act 1998
- Companies Act 2006.

## **11. Further Information**

11.1 The following documents form part of the Council's Code of Ethical Corporate Governance and may provide further relevant information:

- Members' Code of Conduct
- Officers' Code of Conduct
- Member/Officer Relations Protocol
- Code of Practice on Planning Matters
- Code of Practice on Local Authority Publicity
- Anti-fraud and corruption strategy
- Bribery Act and Anti-money laundering policy
- Whistleblowing Policy.