



ASHFORD
BOROUGH COUNCIL

Anti-Fraud & Corruption Strategy

Revised May 2007

Ashford
best placed in Britain

1 INTRODUCTION

The Council will not tolerate any form of fraud and corruption from within the Council, from external organisations, or from individuals. The Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud and corruption at all levels of its activity including Housing / Council Tax Benefit fraud. The Council will seek to prosecute or apply other appropriate sanctions to perpetrators of fraud and corruption.

- 1.1. In this Strategy, fraud and corruption are defined as **Fraud** being: 'the intentional distortion of financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain'. **Corruption** being 'the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of a person'.
- 1.2. This Strategy complements other Council strategies and policies which are aimed at promoting the highest standards of conduct and behaviour in all activities. In particular, this Strategy complements the Code of Conduct and Financial Regulations in seeking to minimise the potential for actual fraud and corruption.

2. PURPOSE AND BACKGROUND

- 2.1. An effective Anti-Fraud and Corruption Strategy is a key part of good Corporate Governance, with the Council directing and controlling its business with openness, integrity and accountability. The Council is therefore committed to an Anti-Fraud and Corruption Strategy which is designed to:-
 - Encourage prevention,
 - Promote detection,
 - Identify a clear pathway for investigation and remedial action.
- 2.2. The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:-
 - The Local Government Ombudsman
 - The Council's External Auditor
 - Her Majesty's Revenue and Customs
 - The Department for Work and Pensions
 - Other Central Government Departments
 - Auditors of organisations for whom the Council acts as agent
 - Auditors of organisations that provide specific funding for the Council, such as European funding organisations

3. CULTURE AND STANCE AGAINST FRAUD & CORRUPTION

- 3.1. The Council recognises that an anti-fraud and corruption culture is essential if a strong control framework is to be adhered to. It is determined that the culture and tone of the organisation promotes honesty and opposition to fraud and corruption, whereby fraud and corruption are not tolerated or perpetrated.
- 3.2. The Council is committed to the highest ethical and moral standards and to openness and accountability. Elected members and employees at all levels are therefore expected to share in this commitment by leading by example in ensuring adherence to all Council regulations, procedures, practices and codes of conduct. The Council expects individuals and organisations with which it comes into contact, to act honestly and without intent to commit fraud or corruption against it.
- 3.3. Employees are usually the first to be aware of a suspected malpractice. The Council has therefore introduced a Whistleblowing Policy ('Speaking Up') for its employees which is designed to:
 - Support and protect whistleblowers from reprisals or recrimination
 - Protect the confidentiality of the whistleblower
 - Encourage staff to raise their concerns
 - Inform the whistleblower of the action being taken
 - Protect against malicious and false allegations
- 3.4. The Council's elected members and employees are an important element in its stance on fraud and corruption. The Council's Whistleblowing Policy actively encourages elected members and employees to raise concerns in confidence without fear of reprisals or victimisation so that they can be investigated properly and fairly. All matters raised will be:
 - treated in confidence
 - properly investigated, and
 - dealt with impartially
- 3.5. Senior management are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt.

4. PREVENTION

- 4.1. Where appropriate, the Council will co-operate with other organisations, agencies and local authorities in countering fraud and corruption. Arrangements are in place and continue to be developed to exchange information between the Council and other agencies on national and local fraud and corruption activity in relation to local authorities. The Council liaises with, amongst others:-
 - Kent Financial Officers Association
 - Kent Audit Group
 - Audit Commission (particularly in relation to the National Fraud Initiative)
 - Department of Work & Pensions
 - Police

4.2. There are four dimensions essential to the overall process for the prevention of fraud and corruption:

- Elected Members,
- Officers, Agents and Contractors,
- Systems of Governance and Control.
- The Council's Standards Committee and the Audit Committee

Elected Members

4.3. Elected members are required to operate within:-

- National Code of Local Government Conduct
- Sections 94-96 of the Local Government Act 1972
- Local Authorities Members' Interests Regulations 1992 (S.I.618)
- Ashford Borough Council's Standing Orders and Code of Conduct for Members.

Employees, Agents and Contractors

4.4. A key element to preventing fraud and corruption is recruitment with due regard being given to the previous record of potential employees in terms of propriety and integrity. Recruitment procedures for all employees, including temporary and contract staff, must therefore be in accordance with the procedures adopted by Ashford Borough Council.

4.5. Each employee is governed in their work by the Council's Contract Rules, Financial Rules and by the Council's Employees' Code of Conduct. Copies of other policies relevant to employees are available on the internal intranet.

4.6. This Strategy also extends to any agents, contractors or not-for-profit organisations working on the Council's behalf. The Council will not knowingly enter into any contractual agreement with an organisation that fails to comply with its codes of practice and/or other related procedures. Prior to engagement therefore, steps will be taken to establish, as far as possible, the track record of such organisations in this respect. This includes where the Council may be acting in collaboration with other organisations.

4.7. In order to ensure that any organisations working on the Council's behalf uphold the Council's standards, appropriate clauses in respect of honesty, accountability and probity are included in tender documents, service level agreements or any other relevant documentation.

Systems of Governance and Control

4.8. The Deputy Chief Executive has a statutory duty, under Section 151 of the Local Government Act 1972, to ensure the proper administration of the Council's financial affairs.

- 4.9. The Council has control systems in place designed to ensure the legitimacy of expenditure, the security of assets and income, the reliability of management information, and the accuracy of financial and other records. Within these systems are procedures which control the authorisation of transactions, ensure that duties and responsibilities are clearly segregated, provide internal checks, safeguard assets and regulate their proper use.

The Council's Standards Committee and the Audit Committee

- 4.10. The role and functions of the Council's Standards Committee are contained within the Council's constitution. It is responsible amongst other things for:
- Advice to the Council on the adoption or revision of the Code of Conduct, the Protocol for Member/Officer Relations.
 - Monitoring the operation of the Authority's Code of Conduct
 - Overseeing the Council's Whistleblowing regime in relation to Members.
- 4.11 The Terms of Reference for the Audit Committee require the committee to consider/monitor or advise on appropriate regulatory policies including the Anti-Fraud and Corruption Strategy and Whistle Blowing Policy in the context of Officers.

5. DETECTION AND INVESTIGATION

- 5.1. The various internal control systems within the Council help to provide indicators of, or deter, any fraudulent activity.
- 5.2. It is the responsibility of Directors, their Heads of Service and their Service Managers to prevent and detect fraud and corruption. However, it is often the alertness of employees and the public that enables detection to occur and the appropriate action to take place.
- 5.3. The proper reporting of suspected irregularities is essential to the Anti-Fraud and Corruption Strategy, as it facilitates:-
- The consistent treatment of information regarding fraud and corruption,
 - Proper investigation by suitably experienced and qualified professional staff,
 - Proper implementation of a fraud response investigation plan.
- 5.4. Any member of staff who has concerns regarding any circumstance which may suggest the possibility of irregularity or loss of any kind shall raise those concerns with their Head of Service. The Head of Service shall immediately notify the Head of Internal Audit Partnership.
- 5.5. The Head of Internal Audit Partnership shall inform the relevant Head of Service if any subsequent investigation identifies evidence of a financial irregularity or any other unacceptable behaviour on the part of a member of their staff.

- 5.6. In the event that the investigation produces evidence of illegal acts, the presumption will be that the matter will be referred to the Police. Prior to referral to the Police, the Head of Internal Audit Partnership will seek the endorsement of the Council's Section 151 Officer and the Monitoring Officer to the proposed course of action.
- 5.7. Referral to the Police will not prohibit action under the Disciplinary Procedure. Once referred to the Police, the decision to proceed to prosecution is with the Police and the Crown Prosecution Service.
- 5.8. The Council recognises that the submission of incorrect or incomplete information by an individual or individuals in order to fraudulently obtain Housing or Council Tax Benefit is a criminal offence and that in every case; consideration will be given to preparing cases for prosecution.

6. RECOVERY & SANCTIONS

- 6.1. Where an investigation indicates fraud or corruption, the Council will seek:
 - Recovery wherever appropriate
 - To prosecute or apply other sanctions to perpetrators
- 6.2. Where fraud or corruption by employees is indicated, and where the Head of Personnel & Development considers it appropriate, action will be taken in accordance with the Council's disciplinary procedures. This may be in addition to any recovery action or sanctions.

7. KEEPING THE STRATEGY TIMELY AND RELEVANT

- 7.1. This Anti-Fraud and Corruption Strategy will be reviewed and updated in the light of new legislative and professional and technological developments.
- 7.2. Access to this Strategy shall be achieved by:
 - Availability on the Council's Intranet and Internet facilities,
 - Individual circulation to the Chief Executive, Directors, Heads of Service and Service Managers,
 - Inclusion in the Members' Library,
- 7.3. In order to raise awareness of the strategy and fraud and corruption in general, the Council will, in conjunction with other agencies, actively promote regular publicity campaigns. It will also issue instructions aimed at encouraging fraud awareness and reminding individuals of their responsibilities, and will publicise the methods of reporting suspected irregularities, e.g. whistle-blowing arrangements.
- 7.4. Where appropriate, the Council will publicise the results of any investigations in order to promote awareness, to deter, and to demonstrate the need for preventative measures.

