



# Anti-Fraud and Corruption Strategy

**Date:** March 2015

## Document summary

This document sets out the County Council's policy and strategy for preventing and detecting fraud, bribery and other wrongdoing.

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## About this document:

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<p><b>Accessibility help</b></p> <p>Zoom in or out by holding down the Control key and turning the mouse wheel. CTRL and click on the table of contents to navigate. Press CTRL and Home key to return to the top of the document Press Alt-left arrow to return to your previous location. References shown in <b>blue text</b> are available on the Intranet and/or Czone. References shown in <b><u>underlined blue text</u></b> are hyperlinks to other parts of this document.</p>	

# Anti-Fraud and Corruption Strategy

## Key points

- The Council is committed to preventing and detecting fraud and other wrongdoing to ensure public funds are used for their intended purpose.
- The Council is committed to the highest standard of probity and expects Members and staff, at all times to adhere to the Nolan principles (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership).
- The Council has clear procedures in place to assist in the fight against fraud, corruption and wrongdoing.
- This Strategy sets out the Council's four main objectives for tackling the risk from fraud and wrongdoing and applies equally to Members and staff.
- It is an expectation that where employees have work place concerns, or suspect wrongdoing that this is raised.
- A Whistleblowing Policy has been produced to support staff in raising workplace concerns.

## 1. Introduction

- 1.1 The Audit Commission reports that fraud currently costs local government in excess of £2 billion per year. In austere times the impact of public money being lost to fraud is felt the hardest by our communities. This makes the prevention and detection of fraud essential, to ensure that we protect the public purse so that funds used to provide the services for our community within East Sussex are only used for their intended purpose.
- 1.2 East Sussex County Council (the Council) is committed to fighting fraud, corruption, bribery and wrongdoing and this document sets out the Council's Anti- Fraud Strategy.
- 1.3 The Council is one of the largest organisations in the County - employing thousands of people, with a turnover of over £800 million a year and assets, interests and annual transactions running into £billions.
- 1.4 The Council is committed to the highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets. It has an important role to ensure that the harm and financial loss caused to local communities and local taxpayers as a result of fraud is minimised.
- 1.5 The Council expects and requires Members and staff to behave with integrity and all times to demonstrate a strong commitment to the ethical values of the council and respect the rule of law.

- 1.6 In carrying out its responsibilities to safeguard public funds the Council is committed to fighting fraud and corruption, whether the threat comes from outside or inside the Council, and is committed to an effective Anti-Fraud Strategy that focuses on four main objectives:
- **Acknowledge** – Acknowledge and understand the risk to the organisation from fraud and wrongdoing and develop and maintain a robust counter fraud response.
  - **Prevent** – establish policies, awareness programmes and controls, designed to reduce the risk of fraud and wrongdoing from occurring.
  - **Detect** – detect fraud and wrongdoing when it occurs.
  - **Respond** – take the appropriate corrective action, sanctions and recover any losses, to minimise the harm caused by integrity breakdowns.
- 1.7 This strategy supports the Council’s overall priority of ‘Making Best Use of Our Resources’ as set out in the Council Plan, by:
- Maximising the value from public finance ; and
  - Maximising resources focussed on front line services.
- 1.8 The Council is seeking to achieve this by:
- instilling an anti-fraud culture and taking a firm stance against fraud, corruption and wrongdoing;
  - actively preventing, deterring and detecting fraudulent and corrupt acts, including bribery;
  - providing a clear direction in relation to the roles and responsibilities of Council employees, management and councillors; and
  - Identifying a clear pathway for investigation and remedial action.

## 2. Definitions

- 2.1 This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Regulations, Standing Orders, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.
- 2.2 **Fraud** - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:
- Dishonestly making a false statement or representation;
  - Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
  - Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
- 2.3 **Theft** - is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.
- 2.4 **Obtaining Services Dishonestly** – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

- 2.5 **Bribery** – is the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages, whether monetary or otherwise.
- 2.6 **Corruption** – is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore, whilst corruption exists as a term, any offences committed would fall under the Bribery Act.

### 3. Culture

- 3.1 East Sussex County Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption. It is our aim to minimise fraud and corruption and to act robustly where it is identified.
- 3.2 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Members and staff, at all levels, will lead by example. The Council will not tolerate fraud, bribery or other wrongdoing in the provision of its services, regardless of the perpetrator, and is prepared to take robust action where this is identified.
- 3.3 The Nolan Committee defined the seven principles which set the standards in public life and these, along with the behaviours set out within the 'East Sussex Way', have been adopted by the Council to underpin its approach to corporate governance. The seven Nolan principles are:
- **Selflessness** – You must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family or friends.
  - **Integrity** – You should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
  - **Objectivity** – You must make choices on merit when making decisions on appointments, contracts, or recommending rewards and benefits for individuals.
  - **Accountability** – You are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
  - **Openness** – You should be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.
  - **Honesty** – You have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in a way that protects the public interest.
  - **Leadership** – You should promote and support these principles by leadership and example.
- 3.4 The Council's employees are an important element in its stance on fraud, corruption and bribery and the organisation expects employees to come forward and voice any concerns that they may have by using our Whistleblowing Policy. This they can do, knowing that such concerns will be treated in confidence, properly investigated and fairly dealt with.

3.5 Additionally, allegations of fraud, corruption, bribery or wrongdoing can also be reported to the following individuals:

- Line Managers
- The Chief Executive, County Hall – 01273 481950
- The Assistant Chief Executive, County Hall – 01273 481564
- The Chief Operating Officer, County Hall – 01273 481412
- The Chief Finance Officer, Business Services, County Hall – 01273 335078
- The Head of Assurance, Business Services, County Hall – 01273 481447

3.6 Allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT abuse and any other forms of financial irregularity will be reported to the Council's Internal Audit Service. Internal Audit will investigate any allegation made.

3.7 The Council's Whistleblowing Policy can also be used for raising concerns that relate to other serious concerns such as general maladministration, possible sexual or physical abuse of clients, health and safety risks and damage to the environment.

3.8 Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Council's Complaints Procedure.

3.9 The Council's Whistleblowing Policy also makes it clear that whilst it hopes that concerns will be raised internally within the Council, if the employee still feels unable to raise their concerns internally they can be raised with outside bodies, listed in the policy.

## 4. The Council's strategic approach to tackling fraud

4.1 The Council takes the threat of fraud and bribery seriously and has allocated specific resource, to focus on coordinating its approach to protecting its assets and finances from fraud, bribery and wrongdoing.

4.2 Fraud by its very nature is secretive and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital that the Council has a strong anti-fraud culture and a robust anti-fraud programme.

4.3 The Council's strategic approach can be summarised as:

What we will do:	
<b>Acknowledge</b>	<ul style="list-style-type: none"><li>• Acknowledge and understand fraud and misconduct risks;</li><li>• Conduct and maintain a fraud and misconduct risk assessment for the Council;</li><li>• Develop and maintain a strong framework of internal controls;</li><li>• Commit support and resources to tackling fraud; and</li><li>• Maintain a robust counter fraud response.</li></ul>

What we will do:	
<b>Prevent</b>	<ul style="list-style-type: none"> <li>• Develop and maintain an effective and strong anti-fraud culture;</li> <li>• Implement a robust anti-fraud and misconduct programme;</li> <li>• Ensure that the standards in public life adopted are set out clearly in the Councils policies and effectively communicated;</li> <li>• Conduct employee and third-party due diligence; and</li> <li>• Regularly communicate with staff on countering fraud and provide fraud awareness training</li> </ul>
<b>Detect</b>	<ul style="list-style-type: none"> <li>• Maintain and promote our confidential reporting hotline;</li> <li>• Make better use of data and technology to prevent and detect fraud and wrongdoing;</li> <li>• Enhance fraud controls and processes;</li> <li>• Benchmark where possible, with other authorities;</li> <li>• Promote Whistleblowing; and</li> <li>• Regularly liaise with others to share knowledge and data of known fraud and to learn and share best practice on fraud risk and prevention.</li> </ul>
<b>Respond</b>	<ul style="list-style-type: none"> <li>• Develop and maintain internal investigation protocols and disclosure protocols;</li> <li>• Provide a consistent and effective response for dealing with fraud cases;</li> <li>• Develop capability and capacity to punish fraud and wrongdoing;</li> <li>• Collaborate across local authorities and with law enforcement; and</li> <li>• Ensure we have both the capability and capacity to investigate and prosecute fraud.</li> </ul>

## 5. Acknowledge

- 5.1 The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.
- 5.2 A fraud and misconduct risk assessment will be conducted and maintained to help the Council understand the risks it faces from fraud, bribery and wrongdoing. The Council will also document the controls in place to mitigate these risks, identify gaps or weaknesses in the control mechanisms and develop a bespoke work programme to target and reduce the risks.
- 5.3 The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Code of Conduct and Conflict of Interest Policy;
- Whistleblowing Policy;
- Anti-money Laundering policy;
- Financial Regulations;
- Procurement Standing Orders.

5.4 Support and resources will be allocated to counter the risk from fraud, bribery and wrongdoing.

5.5 In maintaining a robust counter fraud response the Council will provide corporate and targeted anti-fraud and bribery training and awareness for all employees to assist them in identifying instances of possible fraud, bribery and wrongdoing and provide mechanisms to enable staff to report their concerns in a timely manner.

5.6 The Council will regularly review its approach to tackling fraud, keeping abreast of emerging risks and current trends which occur across the Council and nationally.

## **6. Prevent**

6.1 The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

6.2 The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and councillors) as documented in the Council's Code of Conduct and Conflict of Interest Policy.

6.3 The Council will develop, maintain and communicate to its employees an anti-fraud programme, which ensures that they are aware of the key part they play in countering fraud and risk and are sufficiently trained.

6.4 Practical counter fraud and risk guidance will be developed and disseminated to staff which details risk identifiers and is based on lessons learned elsewhere and recognisable risk scenarios.

6.5 The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection toolkit. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

6.6 Any system weakness identified as part of the work carried out by Internal Audit will be recorded, with controls recommended to minimise any system weaknesses and these will be agreed and monitored to ensure compliance as part of the audit process.



## 7. Detect

- 7.1 The array of preventative systems, particularly internal control systems within the Council, has been designed to prevent and deter fraud and provide indicators of any fraudulent activity.
- 7.2 Employees are the first line of defence against most acts of attempted fraud, corruption and bribery. The Council expects and requires staff to be alert to the risks and possibilities of fraudulent attempts and to raise any such concerns at the earliest opportunity.
- 7.3 Employees also have a duty to protect the assets of the Council, including information, as well as property. When they have a concern of this nature, they are expected and required to report it, as soon as possible in accordance with the Council's Whistleblowing Policy.
- 7.4 The Council's Whistleblowing Policy has been developed to provide a clear framework for reporting such concerns and this includes a dedicated confidential reporting hotline and e-mail address:
- Confidential Reporting Hotline: 01273 481995
  - E-mail: [confidentialreporting@eastsussex.gov.uk](mailto:confidentialreporting@eastsussex.gov.uk)
- 7.5 The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are expected to report concerns and are afforded protection from any harassment or discrimination by the Public Interest Disclosure Act. Any harassment or victimisation of a 'whistle-blower' will be treated as a serious disciplinary offence, which will be dealt with under the Councils Disciplinary Policy and Procedures.
- 7.6 Both locally and nationally, arrangements are in place and continue to be developed, to encourage the lawful exchange of information and collaborative working between the Council and other agencies, to assist in countering fraud, corruption, bribery and wrongdoing.
- 7.7 The Council will pro-actively seek to prevent, deter and detect fraud using all available resources and technology and will actively take part in joint exercises such as data matching to minimise the fraud risk and loss to public funds.
- 7.8 The Council will, where appropriate, seek to make the best use of publicity to prevent, deter and detect instances of fraud, corruption and bribery.

## 8. Respond

- 8.1 Fraud, corruption and malpractice will not be tolerated and where it is identified the County Council will deal with proven wrongdoings in the strongest possible terms, including:
- Disciplinary action;
  - Reporting to the Police;

- Seek maximum financial recovery of any losses on behalf of the tax payer, including use of civil legal action through the courts.
- 8.2 Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.
- 8.3 The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the suspected violation and to enable a decision to be made as to a sound course of action.
- 8.4 In such instances, Internal Audit will work closely with management and where appropriate, other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.
- 8.5 Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Head of Assurance, in consultation with the Chief Finance Officer and the relevant Chief Officer. Any referral made to the Police, will not prohibit action under the Council's disciplinary procedure.
- 8.6 In cases of alleged theft, fraud, corruption or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has resigned.

## **9. Conclusion**

- 9.1 The Council sets and maintains high standards of conduct and behaviour within the organisation that adheres to the seven Nolan principles of standards in public life. This Strategy fully supports the Council's aim to make the best use of our resources.
- 9.2 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud, corruption, bribery and other wrongdoing. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.