Welwyn Hatfield Borough Council

Anti-Fraud and Anti-Corruption Strategy

April 2008 (amended June 2011)

Welwyn Hatfield Borough Council

Anti-Fraud and Anti-Corruption Strategy

1.0 Introduction

1.1 This policy outlines Welwyn Hatfield Council's (The Council) attitude to fraud and corruption and the approach that the Council will take when faced with such matters. The Council is committed to the prevention and detection of fraud and corruption, whether from within or outside the organisation and accordingly the aims of this document are to:

- Provide a consistent framework for managers and Members, which enables effective deterrence, detection and investigation of fraud and corruption.

- Detail the responsibilities of employees, management and Internal Audit with regard to fraud and dishonesty.

- Assist the Director (Finance & Operations) in fulfillment of his role as the Council's S151 Officer under the Local Government Act 1972 and the Director (Governance) in fulfillment of his role as the Council's Monitoring Officer under the Local Government and Housing Act 1989.

- Explain the role of the Shared Internal Audit Service (SIAS) in relation to the prevention of fraud and corruption.

2.0 Definitions

2.1 Fraud can be defined as *"An array of irregularities and illegal acts characterised by intentional deception with intent to make a gain or cause a loss, or to expose another to the risk of loss. It can be perpetrated for the benefit or to the detriment of Welwyn Hatfield Council and by persons outside as well as inside the Council".*

2.2 Corruption can be defined as *"The offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of a Member or employee of the Council."*

2.3 An irregularity is defined as *"Any action or event which is not in conformity with established rules or principles, or which is anomalous or abnormal. It may be accidental or deliberate, innocent or criminal".*

3.0 Scope

3.1 This strategy covers any matter which may be construed as attempted or actual fraud or corruption affecting the Council, both from internal or external sources, examples of which may include:

- improper influence over the choice of a candidate for any appointment.
- the disposal of any land, building, property or Council service.
- the award of any contract to or by the Council.
- the misuse or misappropriation of Council property, goods or money.
- any other aspect of Council business.

However, the above list may not be exhaustive.

3.2 This strategy does not deal with fraud relating to Housing and Council Tax Benefit, for which separate specific arrangements are in place.

4.0 Culture

4.1 The Council actively promotes a culture of openness and honesty in all its dealings and has adopted Codes of Conduct for Members and officers, together with a Local Code of Governance.

4.2 The Council's employees and Members have a key role in maintaining this culture. The Council has implemented effective whistleblowing arrangements and employees and Members are encouraged to raise any serious concerns about the Council's work, including any reasonable belief that fraud or corruption is occurring.

4.3 The desired culture is also reinforced through the People Strategy, where values of openness and honesty are specifically mentioned.

4.4 The Council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.

4.5 The Council aims to learn from any incidences of fraud or corruption and where there have been breakdowns in systems, procedures or governance arrangements, these will be reviewed and controls put in place to prevent a reoccurrence.

5.0 Prevention

5.1 Employees

5.1.1 All employees have a role to play in the prevention of fraudulent and corrupt acts. Employees are expected to comply with codes of conduct, Council regulations, procedure rules and standing orders including, where appropriate, ethics and standards of any professional body to which they belong.

5.1.2 Employees should be aware of the possibility that fraud, corruption and theft may occur in the workplace and are encouraged through the Council's Whistleblowing Policy to report potential areas where this may occur.

5.1.3 The Council recognises that a key preventive measure against fraud and corruption is to take effective steps at recruitment stage to determine a prospective employee's previous record of propriety and honesty. Council procedures embody key controls such as the checking of references and qualifications and also Criminal Records Bureau checks for employees working in particular areas.

5.1.4 Management are responsible for establishing and implementing effective controls to prevent and/or detect fraud or corruption, and also for addressing key business risks, one of which may be fraud or corruption.

5.1.5 Management are also responsible for ensuring that employees are aware of their responsibilities, Council regulations and procedures, and also for creating an environment where employees feel able to raise any concerns they may have.

5.1.6 The key features of the system of internal control are summarised annually in the Annual Governance Statement, published as part of the Council's Statement of Accounts.

5.1.7 The Council's Officers' Code of Conduct, Sickness Management Policy, People Strategy and Performance Management arrangements are designed to help in the achievement and maintenance of agreed standards of conduct, attendance and performance.

5.1.8 The Council has arrangements for the declaration of employee's interests, gifts and hospitality, and has detailed guidance on acceptable types of gifts or hospitality within the Officers' Code of Conduct.

5.2 Members

5.2.1 As elected representatives, all Members of Welwyn Hatfield Council are required to adhere to a variety of regulations and requirements, including:

- The Members Code of Conduct
- The Council's Constitution
- The Protocol for Member/Officer relations

5.2.1 The Council has established procedures to facilitate the proper declaration of Member's financial and other interests, also for the declaration of gifts and hospitality.

5.2.2 Members are required to sign their acceptance of the Member's Code of Conduct on election to office and conduct and ethical matters are addressed during Member's induction training and as part of the ongoing Member training programme.

5.3 Shared Internal Audit Services (SIAS)

5.3.1 The Council is required to maintain an adequate and effective internal audit function under the Accounts and Audit Regulations 2006. The Director (Finance & Operations) also has a duty under Section 151 of the Local Government Act 1972 to ensure that the Council administers its financial affairs in a proper manner. This role is in part discharged by the Shared Internal Audit Service (SIAS).

5.3.2 The SIAS works to an agreed work programme to review the Council's control, risk and governance processes. Any weaknesses identified are notified to management with recommendations as to corrective action. Action plans and reports arising from internal audit work are considered by the Council's Audit Committee. The recommendations made by the SIAS may include those to prevent, detect or deter fraudulent or corrupt acts.

5.3.3 SIAS staff are expected to exercise due professional care in their work and to be alert to intentional wrongdoing or the possibility that it could take place. Part of this entails maintaining an up to date awareness of trends in fraud and alerting management and employees to this.

5.4 External Audit

5.4.1 The Council's external auditor carries out audits in accordance with the Code of Audit Practice and is an essential safeguard in the stewardship of public funds. It is not the external auditor's role to prevent fraud and corruption, however, part of their role is to review the adequacy of the Council's arrangements in respect of this.

6.0 Detection and Investigation

6.1 Auditors may detect fraud or corruption as a result of their work; however the responsibility for detection rests with management. The control systems established within the Council are intended to prevent and detect fraud. In addition, Members, employees, agents and contractors are encouraged to report any suspected irregularity through the Council's Whistleblowing Policy. In the case of Members, the matter will be referred to the Standards Committee for investigation.

6.2 In general, all suspected fraud and corruption investigations will be investigated, coordinated or reviewed by the SIAS (except for Housing Benefit related fraud, where specific and separate arrangements are in place). This brings a consistent approach to investigations and can provide assurance that allegations of fraud and corruption are being taken seriously.

6.3 The decision on whether to proceed with an audit investigation will be dependent on a variety of factors, particularly the nature and scale of any irregularity and the robustness of management's own response. It may be sufficient for the SIAS to review the adequacy of the management actions rather than conduct a separate investigation.

6.4 Conclusions will be drawn based on the available evidence and the findings of the investigation will be reported to the relevant Chief Officer. If the evidence is sufficient to substantiate the allegation, a decision will be made whether to refer the matter to the Police. This decision will be made by the Chief Executive in conjunction with the Section 151 Officer and the Monitoring Officer. Notwithstanding any Police involvement, if the matter relates to conduct by an employee, action may also be taken under the appropriate Council disciplinary procedures.

7.0 Conclusion

7.1 The Council is mindful of its responsibility for the stewardship of public money and also of the threat posed by fraud and corruption. The Council takes the issue of fraud and corruption seriously and to assist it in the fight against these threats it has implemented a robust set of systems, policies and procedures as part of its corporate governance arrangements and the overall system of internal control.

7.2 This policy will be subject to periodic review to ensure that it is relevant to future tends in fraud and corruption.

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