



South  
Staffordshire  
Council

# Anti-Fraud and Corruption Policy

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# South Staffordshire Council

## **ANTI FRAUD AND CORRUPTION POLICY**

### **CONTENTS**

1.0 FOREWORD

2.0 INTRODUCTION

3.0 CORPORATE FRAMEWORK AND CULTURE

4.0 PREVENTION

5.0 DETECTION AND INVESTIGATION

6.0 DETERRENCE

7.0 RAISING FRAUD AWARENESS

8.0 CONCLUSIONS

Appendix 1 - FRAUD and CORRUPTION RESPONSE  
PROCEDURE

# **SOUTH STAFFORDSHIRE COUNCIL**

## **MANAGING the RISK of FRAUD**

### **ANTI-FRAUD AND CORRUPTION POLICY**

#### **1. Foreword**

- 1.1 The United Kingdom public sector maintains high standards of probity and has a good reputation for protecting the public purse. Sound systems of public accountability are vital to effective management and in maintaining public confidence. The Council shares these high standards and is committed to protecting the public funds entrusted to it. Although we have good policies and procedures they are often ignored: much of our fraud happens when non-compliance with procedures leads to simple checks being neglected. The minimisation of losses to fraud and corruption is essential to ensure that resources are used for their intended purpose to provide services to the residents of South Staffordshire.
- 1.2 The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. This Anti Fraud and Corruption Policy outlines the Council's commitment to creating an anti-fraud culture, and maintaining high ethical standards in its administration of public funds. It also recognises its responsibilities under the various legislation including the Proceeds of Crime Act 2002 and Fraud Act 2006, Bribery Act 2010 and subsequent regulations.
- 1.3 The Policy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the Council. The Policy also satisfies the legislative requirements to have effective arrangements for tackling fraud, and conforms with professional guidance laid down in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.

#### **2. Introduction**

- 2.1 South Staffordshire's Internal Audit Section, in delivering the Internal Audit function to the Council has the key function of monitoring the effectiveness of internal controls in operation.

This also includes carrying out investigations into suspected cases of fraud or corruption. Fraud and corruption can be reported in a number of different ways, which are outlined in sections 3.10 to 3.13 and the Fraud and Corruption Response Procedure (Appendix 1).

2.2 The purpose of this Policy is to outline the Council's approach, as well as defining roles and responsibilities, for dealing with the threat of fraud and corruption, both internally and externally. It applies to:

- councillors
- employees
- agency staff
- contractors
- consultants
- suppliers
- service users
- staff and committee members of organisations funded by the District Council
- staff and principals of partner organisations

In addition to the above, the Council also expects the residents of South Staffordshire to be honest in their dealings with the Council.

2.3 This Policy sets out the Council's commitment to tackling fraud and corruption. This makes it clear to all concerned that appropriate and decisive action will be taken against those committing or attempting to commit, fraudulent or corrupt acts against the Council.

2.4 In order for the Council to be effective in its approach to dealing with the problem of fraud and corruption it has to set about ensuring that it creates a culture of intolerance rather than indifference to such matters.

2.5 The Council's Members and Staff play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation, in accordance with the Council's Confidential Reporting ("Whistle Blowing") Policy.

### **3. Corporate Framework and Culture**

- 3.1 The prevention and detection of fraud and corruption and the protection of the public purse is everyone's responsibility
- 3.2 The Council has a range of interrelated policies and procedures that provide a corporate framework to counter fraudulent activity. These have been formulated in line with appropriate legislative requirements, and include:
- Codes of Conduct for members and officers
  - Scheme of Delegation
  - Council Procedure Rules and Financial Regulations
  - Accounting procedures and records
  - Sound internal control systems
  - Effective internal audit, provided by South Staffordshire's Internal Audit Section
  - Effective recruitment and selection procedures
  - Disciplinary Procedure
  - Fraud and Corruption Response Procedure
  - Anti Fraud Framework for the Benefits Section
  - Whistle Blowing Policy
  - The Regulation of Investigatory Powers Act (RIPA) Policy
  - Data Matching Policy
  - Training
  - Any Professional Codes of Ethics
- 3.3 The Council believes that a culture of honesty and openness is a key element in tackling fraud. The Codes of Conduct for Members and Staff are based on the Nolan Principles of Standards in Public Life. Where Members or Staff fail to adhere to these codes appropriate action will be taken against them.
- 3.4 The Fraud Act of 2006 gives us a legislative definition of fraud as the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position. For details of a definition, please see page 17.
- 3.5 The Bribery Act of 2010 gives us a legislative definition of bribery as "as the giving or taking of a reward in return for acting dishonestly and/or in breach of the law. The reward could relate to money, payment in kind, goods or services".
- 3.6 The Council is committed to driving down Benefit Fraud. Both public perception and organisational culture play key roles in achieving this aim.

- 3.7 All Members and Staff are therefore required to report any known material changes affecting Benefit claims to the Benefits Section. This specifically includes your own entitlement and of any tenants or sub-tenants that you may have. Failure to do so is an offence under the Social Security Admin (Fraud) Act 2001.
- 3.8 In general terms, this requirement includes the timely transfer of information you receive in your normal business activities relating to any other customer who has alerted you to a fact that affects Benefit awards.
- 3.9 Staff, particularly Benefit Staff, should be required to declare any interest in a Benefit Claim, for example, a relative's claim to benefit, and these cases should be treated "in confidence". The files should be kept separately and assessed by a supervisor to minimise the potential for internal fraud or collusion.
- 3.10 Concerns can be raised knowing they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns Staff can be assured that there will be no victimisation, and anonymity will be respected wherever possible. It will not affect their employment situation or future prospects with the Council.
- 3.11 Staff should raise their concerns with the Internal Audit Manager, or in his/her absence, with a member of the Internal Audit Team. Where staff feel unable to raise concerns with the Internal Audit Manager, they can raise their concern with their line manager, who must immediately inform the Internal Audit Manager. Under no circumstances should any investigations be undertaken by any other member of staff.
- 3.12 In addition, a confidential fraud hotline (01902 696252) has been set up for staff and members of the public to report any concerns. Anyone using this facility should provide as much information as possible to ensure the concern can be properly investigated, including leaving your name and contact number, if possible. Concerns made anonymously are much less powerful, but they will be considered in an appropriate manner.
- 3.13 Members of the public and/or staff can also use the generic e-mail address [internal.fraud@sstaffs.gov.uk](mailto:internal.fraud@sstaffs.gov.uk), which is accessed only by internal audit staff.

- 3.14 For housing benefit fraud issues, concerns should be raised with the Benefit Fraud Team or by contacting the Benefit Fraud hotline on 0500 658 008.
- 3.15 Elected Members, suppliers, contractors, and the general public are also encouraged to report concerns through the above routes.
- 3.16 Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner. All allegations received in this manner should immediately be forwarded to the Internal Audit Manager.
- 3.17 The investigating Officer will usually be the Audit Manager or another Auditor authorised to do this by the Audit Manager. The investigating Officer will:
- inform the Section 151 Officer (Chief Financial Officer) and Chief Executive, as necessary;
  - deal promptly and confidentially with the matter;
  - record all evidence received;
  - ensure that evidence is sound and adequately supported;
  - ensure security of all evidence collected;
  - liaise as necessary and appropriate with the relevant Director;
  - liaise as necessary with external agencies e.g. Police;
  - notify the Council's Insurance Officer, if appropriate; and,
  - implement Council disciplinary procedures where appropriate.

A Benefit Investigations Officer will investigate matters concerning National and Local benefits. The Benefit Investigation Team has its own set of procedures, which will be followed.

- 3.18 The Council will deal swiftly and thoroughly with any member of Staff who attempts to defraud the Council or who is corrupt.
- 3.19 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

- 3.20 When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, the relevant members of staff will ensure that appropriate improvements in systems of control are implemented in order to prevent a reoccurrence. Advice will be provided by Internal Audit.
- 3.21 Formal reports will be issued aimed at addressing control weaknesses and these will be reported to the Audit Committee in the Audit Manager's quarterly progress report.

#### **4. Prevention**

4. The Council recognises that fraud and corruption are costly, both in terms of risk to reputation and financial losses. The prevention of fraud is therefore a key objective of the Council and respective roles and responsibilities are outlined below.

##### **4.1 Employees of the Council**

- 4.1.1 The Council recognises that staff are often the first line of defence in preventing fraud. A key preventative measure in that fight is the effective recruitment of staff.
- 4.1.2 Staff recruitment will be undertaken in accordance with the Council's policies for Recruitment and Selection. Written references should be obtained by Human Resources regarding the known honesty and integrity of potential members of staff, and evidence of formal qualifications obtained, before formal employment offers are made. In this regard temporary staff should be treated in the same manner as permanent.
- 4.1.3 Heads of Service/Service Managers are responsible for ensuring agencies engaged for the supply of temporary Staff have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.
- 4.1.4 For certain posts, the Council will undertake additional checks on potential new employees, for example, Criminal Records Bureau checks.
- 4.1.5 All staff must abide by the Council's Code of Conduct for Employees, which sets out requirements on personal conduct. All staff are expected to follow the codes of conduct laid down by their respective professional institutes.

- 4.1.6 Financial Regulations place responsibility for fraud prevention on all employees. Staff should therefore be alert and alerted to the possibility of fraud and to report any concerns. The Council has a confidential reporting 'Whistle Blowing Policy' in place to assist employees in reporting concerns about fraud and other issues without fear of reprisal. The Whistle Blowing Policy can be found on the Council's Intranet.
- 4.1.7 The Council has in place disciplinary procedures for all employees. Those found to have breached the Code of Conduct will be dealt with in accordance with these procedures. Where criminal activity is suspected or found, the matter will be referred to the police for investigation and possible prosecution, in accordance with the Fraud and Corruption Response Procedure. In addition, restitution will be sought from those who are found to have perpetrated fraudulent acts.
- 4.1.8 Staff are reminded 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, gifts, hospitality or any other rewards, other than their proper remuneration. These requirements are set out in the Council's Code of Conduct for Employees.
- 4.1.9 All Staff are required to declare in a public register any offers of gifts (exceeding £25) or hospitality, which are in any way related to the performance of their duties in relation to the Council.
- 4.1.10 Employees should also declare private work etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises. A record is maintained by the Chief Executive.
- 4.1.11 Staff attention is drawn to the relevant Sections in the disciplinary procedures, which form part of the contract of employment, and Financial Regulations.
- 4.1.12 Management at all levels are responsible for ensuring that their Staff are aware of the Authority's Financial Regulations and Standing Orders, and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible.

4.1.13 Managers should strive to create an environment in which their Staff feel able to approach them with concerns they may have about suspected irregularities. If Managers and Staff are unsure of the appropriate action to take, they should contact the Internal Audit Section.

## 4.2 Council Members

4.2.1 Members are required to operate within:

- National Code of Local Government Conduct
- Code of Conduct for Members
- Constitution of the Council
- Relevant legislation

4.2.2 These matters and other guidance are specifically brought to the attention of members at the induction course for new members and are in each member's handbook. They include rules on the declaration and registration with the Monitoring Officer of potential areas of conflict between members' Council duties and responsibilities, and any other areas of their personal or professional lives.

4.2.3 Members are required to provide specific information concerning their financial and other interests and keep this information up to date. The Member's Financial and Other Interests Register is held by the Council's Monitoring Officer.

4.2.4 Adherence to these matters is overseen by the Council's Standards Committee, which is responsible for the ethical framework of the Council, working closely with the Monitoring Officer.

4.2.5 The Council has established a Standards Committee, which has independent representatives within its membership.

4.2.6 The Standards Committee is responsible for:

- promoting high standards of conduct by Councillors (including Parish Councillors);
- advising the Council and the Parish Councils on the adoption or revision of their Code of Conduct;
- advising on training for Councillors, Parish Councillors and co-opted members on matters relating to the Code of Conduct;

- functions relating to standards of conduct of councillors under any relevant provision of or regulations made under Local Government Act 2000, or the Local Government and Public Involvement in Health act 2007:
- considering any reports from a case tribunal or interim case tribunal and any report from the Standards Board for England/Monitoring Officer or any other matter referred to the Committee pursuant to the Standards Committee (England) Regulations 2008 (and making determinations thereon):
- determination of applications from District and Parish councillors for dispensation pursuant to the Local Government Act 2000 and the Relevant Authorities (Standards Committee) (Dispensations) Regulations 2002;
- advising the Council on its Code of Corporate Governance and Ethical Governance Framework;
- monitoring and advising the Council on its Policy re. Operations carried out under the Regulation of Investigatory Powers Act 2000 (The RIPA Policy);
- monitoring and advising the Council on its "Whistleblowing" Policy;
- determining appeals against public interest test decisions under the provisions of the Freedom of Information Act 2000;
- granting exemptions to the restrictions attached to politically restricted posts; and
- to be the Standards Committee for the Parish Councils in the district of South Staffordshire.

4.2.7 The Council has in place an Overview and Scrutiny process. Its remit includes the review of decisions and actions undertaken by the Council and scrutiny of all Key Decisions. Any matter arising from this process, in which fraud is suspected, can be referred to South Staffordshire Internal Audit Section for independent investigation.

4.2.8 The Council's Audit Committee has included within its terms of reference a responsibility to review the effectiveness of internal audit including work in respect of fraud.

4.2.9 The Local Government Act 2000 as amended requires all members to give a written undertaking to comply with the Code of Conduct, if they are to remain on the Council.

### 4.3 **Internal Control Systems**

- 4.3.1 The Council has a Scheme of Delegation, Procedure Rules, Financial Regulations, Accounting Procedures and various rules and codes of conduct in place. Staff are required to comply with this best practice when dealing with the Council's affairs.
- 4.3.2 The Director of Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 as amended, to ensure proper arrangements are made for the Council's financial affairs. In addition, under the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations (Amendment) 2006, the Council is required to maintain an adequate and effective internal audit of its financial records and systems of internal control.
- 4.3.3 The Council's aim is to have sound financial systems and procedures, which incorporate efficient and effective internal controls. The "separation of duties" is considered a fundamental control in such systems, especially when involving significant transactions. Directors are responsible for maintaining effective internal controls including the prevention and detection of fraud and other illegal acts. South Staffordshire Internal Audit Section will monitor and report upon these controls.
- 4.3.4 Internal Audit assesses regularly the level of risk within the Council with a view to preventing fraud and corruption. Departmental Risk Registers are also taken into account at this stage. Such assessments are discussed with Directors and, where appropriate, incorporated into work plans.
- 4.3.5 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties.
- 4.3.6 The adequacy and appropriateness of the Council's financial systems are independently monitored by both Internal and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken. The Section 151 Officer can use his statutory power to enforce the required changes if necessary.

4.3.7 Directors will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses (e.g. in relation of the level of vacancies, sickness, absence and annual leave patterns).

4.3.8 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies.

4.3.9 Staff are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:

- Other Local and Statutory Authorities;
- Treasurers' Associations and Societies;
- Local, Regional and National Auditor Networks;
- Government Departments;
- Police Forces;
- The Audit Commission; and
- The National Anti-Fraud Network.

4.3.10 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and corruption will be passed directly to the Internal Audit Manager.

4.3.11 The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the S151 Officer and the Chief Executive to decide (NB Benefit Fraud will not normally involve the Police).

#### 4.4 **Working with Others**

4.4.1 There are a variety of arrangements in place, which facilitate the regular exchange of information between the Council and other local authorities and agencies, for the purpose of preventing and detecting fraud. These involve national, regional and local networks of investigators such as internal auditors, benefits investigators etc.

4.4.2 The Council is a member of the National Anti-Fraud Network (NAFN). NAFN provides access to information relating to fraud

within the public sector. Fraud intelligence is collated and circulated to members, and information services to assist in the more effective investigation of fraud are available. We make use of these services.

- 4.4.3 As technologies develop, there is an ever increasing need to take advantage of the processing and analysis of data stored across the Council and beyond. This enables information and intelligence to be generated, which is a recognised means of preventing fraud and corruption.
- 4.4.4 The Audit Commission has drawn up a Code of Data Matching Practice for its National Fraud Initiative (NFI), which is recognised by the Information Commissioner as complying with Data Protection legislation.
- 4.4.5 The Council has 2 Fraud Hotlines (one for reporting fraud suspected within the Council – 01902 696252, and the other for reporting housing benefit fraud – 0500 658 008) to allow members of the public to report individuals who are suspected of committing fraud. There are a number of ways in which South Staffordshire Internal Audit can be contacted to report concerns of fraud and corruption, all of which are outlined in the Fraud and Corruption Response Procedure – see Appendix 1.

## **5. Detection and Investigation**

- 5.1 It is the responsibility of the Strategic Management Team, Heads of Service and Service Managers to maintain good control systems and procedures, and to ensure that all staff comply with the instructions contained therein.
- 5.2 The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.
- 5.3 It is often the alertness of Elected Members, Council Staff, and the general public to the possibility of fraud and corruption that enables detection to occur and appropriate action to take place.
- 5.4 Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with, see Section 3.16.

- 5.5 Investigations are carried out in response to referrals of potential fraud. In addition proactive exercises target services areas identified as being at a high risk from fraud.
- 5.6 The Strategic Management Team, Heads of Service and Service Managers shall report to the Audit Manager all suspected irregularities, which could be instances of fraud. This is essential to our approach to fraud and corruption and ensures:
- 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
- 5.7 When information relating to fraud or corruption is obtained it is reviewed and subject to a risk assessment. Some are followed up with a full investigation; others are better dealt with as management issues.
- 5.8 Depending on the nature and anticipated extent of the information obtained, South Staffordshire Internal Audit Services will normally work closely with:
- Strategic Management Team
  - Human Resources
  - Legal Services
  - Monitoring Officer
  - Other agencies, such as the Police and the Department for Work and Pensions
- This is to ensure that all allegations and evidence are properly investigated and reported upon, and that where appropriate, losses are recovered for the Council. Where appropriate this will include the use of Proceeds of Crime legislation.
- 5.9 Procedures for dealing with the investigation of fraud and corruption are included in the Fraud Manual of the Audit Section. Procedures and conduct for dealing with the investigation of benefit fraud are included in the Benefits Procedures Manuals.
- 5.10 The Council's Confidential Reporting (Whistle Blowing) Code provides a clear path for individuals to raise concerns of malpractice in any aspects of the Council's work, without the fear of recrimination or victimisation. The Council will take

appropriate action to protect any individual who has raised a concern in good faith. The Code deals with the reporting of fraud or alleged fraud through formal channels, whether this is through Directorate management or Audit Manager.

- 5.11 Where fraud is found to have taken place with the involvement of a Council employee the Council's disciplinary procedure will be invoked.
- 5.12 Where financial impropriety is discovered relating to employees, members, or grant aided external organisations, the matter may be referred to the police in accordance with the Fraud Manual. Such decisions will be made by the Audit Manager in consultation with the Chief Executive and S151 Officer. Referral to the police will not necessarily prohibit action under the disciplinary procedure.
- 5.13 The Council's "Benefit Service Prosecution Policy" will be followed where the outcome of the investigation indicates benefit fraud. Where the Policy criteria is satisfied, offenders may be prosecuted or offered an alternative sanction in accordance with the Social Security Administration Act 1992, the Social Security Administration (Fraud) Act 1997 and 2001, the Fraud Act 2006 and the Welfare Reform Act 2007.
- 5.14 All investigations into suspected instances of fraud and corruption undertaken by the Council shall comply with the requirements of the Human Rights Act 1998, Regulation of Investigatory Powers Act 2000, Criminal Procedures and Investigation Act 1996 and have regard to the Police and Criminal Evidence Act 1984
- 5.15 The Council's External Auditor also has powers to independently investigate fraud and corruption.

## **6. Deterrence**

- 6.1 There are a number of ways in which we deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council and these include :
  - Publicising the fact the Council is firmly set against fraud and corruption and states this at every appropriate opportunity, e.g. statements in contracts, on claim forms, and in publicity literature.

- Acting robustly and decisively when fraud and corruption is suspected and proven, e.g. the termination of contracts, the dismissal and/or prosecution of offenders.
- Using all appropriate sanction action, including the Proceeds of Crime Act 2002.
- Taking action to effect the maximum recoveries for the Council, e.g. through agreement, court action, penalties, insurance, superannuation etc. Where appropriate the Proceeds of Crime Act will be used to maximise the penalty suffered by the fraudster, and the level of recovery by the Council.
- Having sound internal control systems, that still allow for innovation and calculated risk, but at the same time minimising the opportunity for fraud and corruption.

6.2 It is the responsibility of the Strategic Management Team and Heads of Service to communicate the Anti Fraud and Corruption Policy to their staff and to promote a greater awareness of fraud within their departments

## **7. Raising Fraud Awareness**

- 7.1 The Council recognises that the success and credibility of its Anti Fraud and Corruption Policy will depend largely on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring it to the attention of staff, members and other stakeholders The Policy will also be shown on the Council's web page and be available on the Intranet.
- 7.2 Specifically, awareness is raised by a combination of face-to-face awareness sessions and publications about general and specific fraud issues.
- 7.3 The Council supports the concept of induction training, particularly for officers involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The possibility of disciplinary action against officers who ignore such training and guidance is clear.
- 7.4 The officers involved in the review of internal control systems and investigative work will be properly and regularly trained. The training plans of South Staffordshire Internal Audit will reflect this requirement.

- 7.5 The officers involved in benefits investigative work will be properly and regularly trained. The training plans of the Benefit Fraud Team will reflect this requirement.
- 7.6 South Staffordshire Internal Audit Section offer programmes in Fraud Awareness, to promote the Anti Fraud and Corruption Policy and to give guidance on fraud prevention and detection.

## **8. Conclusions**

- 8.1 The Council has put into place a number of arrangements to protect itself from the risk of fraud. However in the current climate of change there are issues that will increase the risk of loss. Changes in structure, changes in systems and the de-layering of staff all contribute to our exposure to the risk of fraud. To mitigate against this risk the Council will regularly review arrangements
- 8.2 The Anti Fraud and Corruption Policy provides a framework for preventing and tackling fraudulent and corrupt acts against the Council. The approval of the Policy by the Audit Committee, on behalf of the Council, demonstrates the Council's commitment to protecting public funds and minimising losses to fraud and corruption. Having made this commitment, it is imperative that Directors put in place arrangements for disseminating the Policy and promoting fraud awareness, throughout their departments.

**SOUTH STAFFORDSHIRE COUNCIL**  
**MANAGING the RISK of FRAUD**  
**FRAUD and CORRUPTION RESPONSE PROCEDURE**

**The Practicalities - quick and easy reference**

1. [Introduction and South Staffordshire Objective](#)
2. [The Council's Response](#)
3. [Reporting Suspicions](#)
4. [Roles and Responsibilities \(who does what\)](#)

**Technical Detail**

5. [Definition of Fraud and Corruption](#)
6. [The Investigation Process](#)
7. [Further Action](#)



# **The Practicalities**

## **1. Introduction and Objective**

- We are committed to protecting public funds. Minimising the losses to fraud and corruption is an essential part of ensuring that all of our resources are used for the purpose for which they are intended: the provision of high quality services to residents. We have a range of policies and procedures that facilitate this process. These include the: [Anti Fraud and Corruption Policy](#), [Prosecution and Sanction Policy](#); [Whistle Blowing Policy](#); [Surveillance Policy \(RIPA\)](#) [The Council's Constitution](#) which form equally important parts of the Council's overall strategy.
- The public is entitled to expect the Council to conduct its affairs with integrity, accountability, honesty and openness, and demand the highest standards of conduct from those working for it and with it. Our overall objective is to identify and maintain good practices, address weaknesses in current processes and introduce improved systems for the management of those processes.
- Our Financial Regulations require that matters involving any suspected financial irregularities are referred to the Internal Audit Manager. The decision as to whether or not the irregularity should be investigated will be taken at his/her direction. All referrals are taken seriously and the action to be taken guided by an assessment of the risk. Where fraud is found appropriate disciplinary action and police involvement will be taken.
- This document is intended to provide direction and help to officers in dealing with suspected cases of theft, fraud and corruption. It also gives direction to others wanting to report matters of concern.

## **2. The Council's Response**

- We have investigators based within South Staffordshire Internal Audit. They deal with internal fraud and corruption. Benefit Fraud is dealt with by the Benefit Investigation Team.
- The Council also provides a means of reporting concerns through its [Whistle Blowing Policy](#)
- Fraud and Corruption awareness is provided in various forms for all employees by the Internal Audit Section.

## **3. Reporting Suspicions**

- If fraud or corruption is suspected, then employees are required to report this to the Internal Audit Manager. This should be the first action taken.  
They will then be provided with advice on how to proceed. Service Managers will be kept informed of issues arising, although this has to be sensitive to the involvement and potential conflict of interest of the individual manager.
- **Please be aware that any actions taken without prior consultation with Internal Audit could prejudice any subsequent investigation.**
- Contact can be made with the Internal Audit Section in a number of ways. These are:

For all general issues:

- Call Audit Manager on 01902 696611
- Email Audit via [J.Ordidge@sstaffs.gov.uk](mailto:J.Ordidge@sstaffs.gov.uk) or [internal.fraud@sstaffs.gov.uk](mailto:internal.fraud@sstaffs.gov.uk)
- phone the general fraud hotline on 01902 696252
- Write to South Staffordshire Internal Audit, South Staffordshire District Council  
Council Offices, Codsall, Wolverhampton, WV8 1PX

For benefit related issues:

- Call the Investigations Manager on 01902 696620
- Email Benefit Fraud externally via [benefitsinvestigation@sstaffs.gov.uk](mailto:benefitsinvestigation@sstaffs.gov.uk)
- Telephone the local benefit fraud hotline on 0500 658 008
- Write to South Staffordshire Benefit Investigation Team, South Staffordshire District Council, Council Offices, Codsall, Wolverhampton, WV8 1PX.
- Use the Council's Internet 'Report It' function.
- If in doubt, then [Public Concern at Work](#) will give free and totally independent advice on how to proceed. More information can be found in the [Whistle Blowing Policy](#).

#### **4. Roles and Responsibilities (who does what)**

- S151 Officer (Director of Finance):

The Director of Finance has overall responsibility for the Council's response to fraud. It is his responsibility to oversee the action taken to investigate. In practice, much of this responsibility will normally be delegated to South Staffordshire Internal Audit Services.

- Strategic Management Team:

Each member of the Strategic Management Team has a responsibility for establishing and maintaining adequate system controls within their respective departments. This includes responsibility for the prevention and detection of fraud, including staff awareness of their responsibilities. They are responsible for implementing the requirements of the Council's overall strategy for combating fraud and corruption. In order to support this process they will disseminate the documents and policies that make up the strategy (referred to earlier)

- Heads of Service/Service Managers:

Heads of Service and Service Managers are in a position to take responsibility for the prevention and detection of fraud and corruption within their work area. They will encourage their staff to fulfil this objective. However, as soon as an officer suspects fraud or corruption they must report it as outlined in this document [Reporting Suspicions](#)

- Investigation Officers (Internal Audit Services/Benefit Fraud Team):

Allegations of potential fraud or corruption are risk assessed to form a view as to whether an investigation should be carried out. All investigations into fraud or corruption matters will be undertaken by Internal Audit or the Benefit Investigation Team for benefit fraud. Employees conducting investigations have powers which allow them access to various records and other information which may be deemed relevant.

- Employees:

All employees are required to act in accordance with the Staff Code of Conduct. Financial Regulations place responsibility for the prevention and detection of fraud with all employees. Any such concerns should be raised in accordance with [Reporting Suspicions](#)

- Members:

All Council Members are required to act in accordance with the Members Code of Conduct. Members also have a duty to report any issues of concern to the Director of Finance and the Monitoring Officer.

- Human Resources Staff:

Human Resources staff will provide advice to employees wishing to raise concerns. They will also provide advice to departmental officers in making decisions with regards to suspension and disciplinary proceedings. This includes matters covered in employment law and Council employment policies.

- Legal Officers:

Legal Services will be consulted, where appropriate, to advise on legal proceedings, including the recovery of assets.

- Communications Officers:

Corporate Communications will be informed of any high profile (or matters referred for prosecution by the Benefit Fraud Team) fraud cases so that they can manage or monitor the corporate media response.

## **Technical Detail**

### **5. Definition of Fraud and Corruption**

The Fraud Act of 2006 gives us a legislative definition of fraud as “the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position”.

The Bribery Act 2010 defines bribery as “the giving or taking of a reward in return for acting dishonestly and/or in breach of the law. The reward could relate to money, payment in kind, goods or services”.

### **6. The Investigation Process**

- Where offences are suspected, investigations are carried out to establish the **facts** in an equitable and objective manner.

- The process will involve the use of authority or delegated powers to:
  - Screen allegations or information to gauge their credibility
  - Secure all evidence
  - Interview people suspected of being involved
  - Interview witnesses
  - Take statements
  - Liaise with departments or other agencies (including the police)
- This work is conducted in accordance with legislation.

## **7. Further Action**

- Where evidence of offences or irregularities is found, the Council will consider taking further action.
- For Directorate issues
  - Internal Audit will compile a report of its findings for submission to the department concerned, with a view to them deciding whether disciplinary action is appropriate.
  - Where appropriate, Internal Audit will liaise with the police in order for them to consider taking criminal action.
  - Internal Audit will advise departments on how to address procedural weaknesses identified during investigation.
- For benefit fraud issues:
  - Take action in accordance with the Benefit Fraud Prosecution and Sanction Policy.
  - Where an employee is involved in a benefit fraud consideration will be given to taking disciplinary action for breach of the staff Code of Conduct.
- For all types of fraud we will seek compensation for all losses incurred. This is done by:
  - Obtaining compensation orders or utilising the Proceeds of Crime Act in criminal cases.
  - Taking Civil proceedings in order to obtain a judgement.
  - Making deductions from superannuation contributions
  - Making deductions from benefit payments.
  - Making arrangements for voluntary payment.
  - Considering an insurance claim.
  - Considering any other means of recovery.