



Performance and Audit Scrutiny Committee 21 May 2014

West Suffolk Anti-Fraud and Anti-Corruption Policy

1. Summary and reasons for recommendation

- 1.1 St Edmundsbury Borough Council has a duty to protect the public funds under its control against fraud, theft, corruption and bribery both from outside and within the council. The Anti-Fraud and Anti-Corruption Policy is part of the council's commitment to protect public funds.
- 1.2 The council's current Strategy was last revised in 2011. It is good practice to review arrangements from time to time and as such a review of the Strategy has been undertaken to ensure it continues to reflect best practice, legislation and shared services arrangements. The revised West Suffolk Policy is set out in **Appendix A** to this report.

2. Recommendation

- 2.1 Subject to the approval of Cabinet and Full Council, the West Suffolk Anti-Fraud and Anti-Corruption Policy, as contained in **Appendix A** to **Report F14**, be adopted.

Contact details

Name

Title

Telephone

E-mail

Portfolio holder

David Ray

Performance and Resources

01359 250912

david.ray@stedsbcc.gov.uk

Lead officer

Jon Snares

Internal Audit Manager

01284 757239

jon.snares@westsuffolk.gov.uk

3. Strategic priorities

- 3.1 The recommendation made in this report is intended to support and enhance the council's ability to deliver its priorities.

4. Key issues

- 4.1 St Edmundsbury Borough Council is committed to fighting fraud and corruption whether it is committed from outside or within the council, and will not tolerate fraud, corruption, bribery or other wrongdoing in the provision of its services. The council will take appropriate and decisive action against those committing or attempting to commit fraudulent or corrupt acts.
- 4.2 The council's current Anti-Fraud and Anti-Corruption Strategy was last reviewed in 2011. It is good practice to review arrangements from time to time, and as such, a review of the Strategy has been undertaken to ensure it continues to reflect best practice, legislation and shared services arrangements.
- 4.3 The main change to the Strategy has been to include a section on Social Housing Fraud, including reference to the Prevention of Social Housing Fraud Act 2013. Social housing provides security and stability to millions of people nationally in housing need, with social housing fraud a significant problem arising when individuals:
- are allocated a social housing property (a property owned by a registered housing provider or local authority) when they are not entitled to it by lying about their circumstances;
 - obtain housing benefit when they are not entitled to it; or
 - unlawfully sub-let their social housing property.

Those who commit social housing fraud are depriving people who are genuinely in need from accessing social housing. It also undermines confidence in the council's housing allocation system, while preventing and detecting fraud stops public money being wasted.

- 4.4 Minor adjustments have also been made to the document to reflect it is now a joint West Suffolk Policy between St Edmundsbury Borough Council and Forest Heath District Council. The Strategy has also now been re-named as a Policy.

5. Other options considered

- 5.1 N/A

6. Community impact

- 6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 None arising directly from this report.

- 6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

- 6.2.1 None arising directly from this report.

- 6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

- 6.3.1 None arising directly from this report.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 None arising directly from this report.

7. **Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Joint Leadership Team were provided with a draft copy of the Policy for comment.

8. **Financial and resource implications** *(including asset management implications)*

8.1 The council has a duty to protect public funds. This Policy is designed to strengthen the guardianship of the council assets, both property and financial, in order to meet with its obligations.

9. **Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk <i>(before controls)</i>	Controls	Residual risk <i>(after controls)</i>
If the council does not have effective counter fraud and corruption controls then it could put at risk its assets and reputation.	Medium	Corporate Anti-Fraud and Anti-Corruption Policy. Constitution (Financial and Contract Procedure Rules and Delegated Powers) provide an overall framework for controls. These are supplemented by individual service area procedures and guides. Internal and External Audit monitoring of systems. Codes of Conduct. Selection and training of staff.	Low

10. **Legal and policy implications**

10.1 It is important to have in place a Policy which ensures compliance with legislative requirements.

11. **Ward(s) affected**

11.1 All

12. **Background papers**

12.1 N/A

13. **Documents attached**

Appendix A – West Suffolk Anti-Fraud and Anti-Corruption Policy



West Suffolk Anti-Fraud and Anti-Corruption Policy

Foreword

Forest Heath District Council and St Edmundsbury Borough Council ('the councils') spend millions of pounds of public money each year on essential local services. It is essential that we protect and preserve our ability to provide these services by ensuring that our assets are protected against all risks of loss and damage.

This anti-fraud and anti-corruption policy applies to all council activities across West Suffolk and outlines our commitment to creating a culture of zero tolerance of fraud, theft and corruption (including bribery) and maintaining high ethical standards in the administration of public funds. The minimisation of losses to fraud, theft and corruption is essential and is part of our remit for ensuring that resources are used for their intended purpose of providing services to the citizens of West Suffolk. The responsibility for controlling the risk of these losses resides at all levels of the organisation – it is not confined to Internal Audit but rests within all service areas of the council. Specifically having this policy is intended to support and enhance both councils' ability to deliver their priorities.

Both councils have traditionally encountered low levels of fraud and corruption. However, the risk of loss through fraud, theft or corruption both internally and externally, is recognised nationally as a part of business life that needs to be managed effectively. Probity in local administration and governance is ensured by reducing the opportunity for fraud, theft and corruption and also taking positive action against all forms of fraud, theft and corruption.

The councils require that all personnel, including those permanently employed temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the councils' resources for which they are responsible; and
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the council operates, in respect of the lawful and responsible conduct of activities.

1. Introduction

1.1 Why do we need a policy?

1.1.1 This policy is based on a series of comprehensive and inter-related procedures, designed to fight fraud and corruption by encouraging prevention whilst also promoting detection. It also identifies how we will investigate suspected cases and the action we will take against any attempted or actual fraudulent act affecting either council.

1.1.2 The purpose of this policy is to outline the councils' 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 at all levels and grades
- contractors/ suppliers
- partners
- consultants, agency and contracted staff
- service users
- volunteers
- members of the public

All parties above are expected to demonstrate integrity and honesty and offer assistance, where necessary.

1.2 Definition of fraud, theft, corruption and bribery

1.2.1 This policy is designed to cover risks associated with fraud, theft and corruption (including bribery). These terms are defined below:

Fraud may be defined as 'the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain.'(Audit Commission)

The Fraud Act 2006 describes the following three methods of committing fraud:

- fraud by misrepresentation
- fraud by failing to disclose information
- fraud by abuse of position

Theft may be defined as 'appropriating property belonging to another with the intention of permanently depriving the other of it'.

Corruption may be defined as 'the offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately.' (Audit Commission)

Bribery is a form of corruption and may be defined as the offering of money or other incentives to persuade somebody to do something, especially something dishonest or illegal.

There are four key offences under the Bribery Act 2010:

- offences of bribing another person (i.e. giving, promising, or offering a bribe);
- offences relating to being bribed (i.e. requesting, agreeing to receive, or accepting a bribe);
- bribery of a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business; and
- failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation. (Note: the guidance states that a "commercial organisation" is any body formed in the United Kingdom and "it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made." Both councils are therefore "commercial organisations".)

1.3 Scrutiny

1.3.1 The councils are subject to both internal and external scrutiny of their affairs by a number of bodies and groups who have an interest in the councils' policy to prevent fraud and corruption. These bodies and groups include:

- Local Government Ombudsman
- NFI responsible body
- External Audit
- Central Government Departments including HM Revenues and Customs, and the Department of Works and Pensions
- media
- members of the public and service users
- scrutiny committees of the council itself

Such scrutiny is welcomed by both councils.

2. Objectives of the policy

2.1 The councils will not tolerate fraud and corruption. Both do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we accept bribes or improper inducements. Both councils recognise that bribery, including using a third party as a conduit to channel bribes to others, is a criminal offence and are committed to the prevention, deterrence and detection of bribery. This policy sets out the zero-tolerance position held by us on fraud and corruption. Its objectives are to:

- provide a clear statement of our position on fraud and corruption (including bribery);
- minimise the risk to our reputation and loss of assets;
- promote a culture of integrity and accountability, in members, staff and all those that we do business with;
- deterring would-be fraudsters;
- encourage prevention;
- promote detection;
- professionally investigate detected fraud and corruption;
- apply sanctions against people who commit fraud and corruption; and
- seek redress for assets defrauded.

2.2 The intention is to achieve this by implementing the 'actions' guide published by the Chartered Institute of Public Finance and Accountancy (CIPFA) – Better Governance Forum, which helps organisations to understand the world of fraud and corruption. The guide states that the foundations of an effective anti-fraud framework comprise five key categories:

- adopting the right strategy;
- accurately identifying the risks;
- creating and maintaining a strong structure;
- taking action to tackle the problem; and
- defining success.

2.3 This policy document outlines each of these categories and assesses how they will be delivered.

3. Adopting the right strategy

- 3.1 To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is required with a clear remit covering all areas of fraud and corruption affecting the organisations. There will be no 'safe areas'; reducing losses to fraud and corruption will apply to all areas of both councils. The council's Anti-Fraud and Anti-Corruption Policy is intended to support and enhance the councils' ability to deliver their priorities and describes outcomes against which to evaluate its effectiveness.
- 3.2 The councils' governance arrangements contribute to this, as well as ensuring the highest standard of openness, probity and accountability in the use of public funds. As councils we recognise that fraud and corruption management is an integral part of good governance; as such this policy is intended to mitigate the risk of fraud, theft and corruption which could prevent us from achieving our objectives.
- 3.3 Both councils have adopted a code of governance which sets out the principles of good corporate governance in line with best practice. We annually assess our arrangements against the code and report the results in each council's Annual Governance Statement, which accompanies the Statement of Accounts.
- 3.4 This policy has been written to meet current good practice as set out in the CIPFA Better Governance Forum guidance 'Managing the Risk of Fraud: actions to counter fraud and corruption', and also CIPFA's 'Model Anti-Bribery Policy and Procedures'.
- 3.5 The policy also reflects the changes introduced by the Fraud Act 2006 and the Bribery Act 2010.
- 3.6 Within both councils there needs to be a clear understanding of the importance of the links between policy (the need to develop an anti-fraud and corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning where necessary policies and systems) and operational work (detection and investigation of fraud and corruption and the need to apply sanctions and recover losses where they are found).
- 3.7 There may be a temptation to 'pick and choose' actions. However, the full range of integrated action must be taken forward with both councils' focus clearly on outcomes (such as reduced losses) and not just activity (for example the number of investigations, prosecutions).

4. Accurately identifying the risks

- 4.1 Everyone involved with the councils has an important role to play in the management of risks. We all want to reduce risks and hence eliminate unnecessary costs to our services.
- 4.2 Areas most commonly at risk from fraud, both internal and external, include those involving the handling of any asset of an attractive and portable nature. Typical high risk areas include cash, cheques, credit cards, contracts, income,

payments, expense claims, housing benefits, loans, investments, payroll, grants and stores including fuel.

4.3 Within local authorities in general, areas where corrupt practices may be found may include, but are not limited to: the award of permissions and consents; job appointments, hospitality, interests of members and officers and secondary employment of staff which may influence their work for the council.

4.4 Levels of risk will need to be identified on an ongoing and regular basis and adequate procedures applied proportionately based on this ongoing risk assessment. Procedures regarding action to combat bribery will be based around a proportionate response to the six principles contained within the Bribery Act 2010 Guidance. The expectations contained within these six principles are as follows:

Proportionate procedures – an organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.

Top level commitment – the top level management are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Risk assessment – the organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

Due diligence – the organisation applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for, or on behalf of, the organisation, in order to mitigate identified bribery risks.

Communication (including training) – the organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

Monitoring and review – the organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

Both councils are committed to proportional implementation of these procedures.

4.5 The risk of safeguarding the council's monetary and physical assets is seen as a significant risk to both councils and is included on the Corporate Risk Registers and so is subject to normal corporate monitoring and review arrangements.

4.6 Measuring the level of illicit activity is inherently difficult; however, this must be done where practicable. Through measuring the problem of fraud and

learning from where it is detected and how systems are penetrated, we can gain knowledge of where it is necessary to strengthen or introduce systems.

- 4.7 Both Internal Audit and the Anglia Revenues Partnership's Fraud Team, on behalf of the councils, carry out proactive counter fraud and corruption work, based on an assessment of risk.

5. Creating and maintaining a strong structure

5.1 Authority

- 5.1.1 Responsibility for an anti-fraud culture is the joint duty of all those involved in giving political direction, determining policy and management.
- 5.1.2 The Joint Leadership Team is responsible for ensuring that a strong anti-fraud culture exists within both councils, in particular for promoting staff awareness and ensuring that all suspected or reported irregularities are immediately referred to appropriate officers. In addition, they should ensure that there are mechanisms in place within their service areas to reduce the risks of fraud, corruption and theft by implementing strong internal controls.
- 5.1.3 It is also the responsibility of all members and staff to have regard for the risk of fraud and corruption, both external and internal, when carrying out their duties, recognising that such a risk, if uncontrolled, can result in a drain on resources that could better be directed to front line service provision and to achieving our priorities.

5.2 Culture

- 5.2.1 The councils recognise that a sound anti-fraud culture is essential if a strong control framework is to be adhered to, and that its councillors and staff play a key role in achieving a 'zero tolerance' culture towards fraud and corruption.

5.3 Conduct

- 5.3.1 The councils expect all councillors and staff to demonstrate the highest standards of openness, propriety and integrity, and to lead by example in adhering to legally-sound and honest procedures and practices, including the council's constitution, Financial Procedure Rules and codes of conduct. We also expect that individuals and organisations act honestly in their dealings with us.
- 5.3.2 Both councils take a robust approach to any signs of fraud, corruption or financial malpractice with senior management expected to deal swiftly, firmly and fairly with those who defraud or seek to defraud us in any way.

5.4 Whistleblowing

- 5.4.1 The Joint Whistleblowing Policy encourages staff, councillors, members of the public, and others closely involved with us (including contractors, suppliers and partner organisations) to raise concerns regarding fraud and corruption involving anyone within, or connected with, the councils. They can do this in the knowledge that, wherever possible, such concerns will be treated in confidence and properly investigated. Details on how to report any concerns

are included within the Whistleblowing Policy which is available on our websites.

- 5.4.2 Where there is cause to suspect fraud, theft or corruption the Chief Executive and Head of Resources and Performance (as the Section 151 Officer) should be immediately informed and will determine the form of any investigation. Should your concerns relate to either of these officers, an alternative reporting route will need to be followed as outlined in the Whistleblowing Policy. In addition, the Head of Legal and Democratic Services (as the Monitoring Officer) should also be informed of any suspected irregularity. Persons who defraud the councils will be dealt with swiftly and firmly.
- 5.4.3 If you make an allegation which you believe is true, but it is not confirmed by our investigation, no action will be taken against you. However, for employees if you make an allegation which you know to be untrue, we will take appropriate action which may include disciplinary or legal action if the allegations are malicious or vexatious. Councillors who knowingly make false allegations in respect of fraud and corruption may bring the councils into disrepute and be subject to investigation and sanction by the Joint Standards Committee.

5.5 Benefits fraud

- 5.5.1 Both councils are responsible for the payment of housing and council tax benefit within the West Suffolk area. This function is provided through our participation with a number of other councils in the Anglia Revenues Partnership. We have a duty to minimise the scope for benefits fraud and protect public funds by ensuring that benefits are only delivered to those with a true entitlement to them. Our benefit fraud arrangements are covered by the Anglia Revenues Partnership's fraud policy which also includes a prosecution policy.

5.6 Social Housing Fraud

- 5.6.1 The Prevention of Social Housing Fraud Act 2013 created new criminal offences of unlawful sub-letting by secure and assured tenants of social housing. This Act supplements existing offences relating to fraudulently obtaining an allocation of social housing and fraudulently obtaining housing benefits. The Act also includes more powers for local authorities to investigate social tenancy fraud through better access to data from banks and utility companies: although councils could previously request this data, organisations were able to refuse to provide it – under the Act compliance is mandatory.
- 5.6.2 Social housing fraud is a very significant problem nationally and arises when individuals:
- are allocated a social housing property (a property owned by a registered housing provider or local authority) when they are not entitled to it by lying about their circumstances;
 - obtain housing benefit when they are not entitled to it; or
 - unlawfully sub-let their social housing property.

- 5.6.3 Social housing fraud prevents housing from being properly allocated to the people who need it most. It also undermines confidence in the councils' housing allocation system, while preventing and detecting fraud stops public money being wasted.
- 5.6.4 Members of the public are encouraged to report their concerns to any council officer who will then channel that concern through to the Fraud Investigation Team. Further information, including full details of how to report concerns, are included on the website.

6. Taking action to tackle the problem

6.1 Deterrence

- 6.1.1 The best deterrent is a clear framework of processes and responsibilities which make fraud and corruption hard to perpetrate and will be likely to expose fraud and corruption at the earliest opportunity. **Annex A** summarises all the related policies and documents in both councils which support the anti-fraud and anti-corruption culture across West Suffolk, a number of which are referred to in this policy.
- 6.1.2 The risk of fraud cannot be dealt with in isolation. Management of the risk of fraud is a key aspect of corporate governance and it is essential that all members and staff should have a level of understanding of this policy. However, some individuals and groups have specific leadership roles or responsibility and these are identified in **Annex B**.
- 6.1.3 Both councils will promote and develop a strong anti-fraud culture, raise awareness and provide information on all aspects of its anti-fraud work.
- 6.1.4 We will try to ensure the results of any action taken including prosecutions, are reported in the press. This should give a strong warning to any person contemplating acting dishonestly against the best interests of the council.

6.2. Prevention

The role of employees

- 6.2.1 A key preventative measure in countering fraud and corruption exists within the recruitment process where, as far as possible, the previous record of potential employees (including temporary and contract staff), in terms of their propriety and integrity, can be established.
- 6.2.2 The recruitment of employees should be in accordance with good practice and in particular with the requirement to obtain written references regarding, amongst other things, the known honesty and integrity of potential staff before employment offers are confirmed.
- 6.2.3 Staff are expected to abide by the councils' Code of Conduct for Employees which sets out the requirements regarding personal conduct. In addition staff who are members of professional bodies are expected to follow any code of conduct issued by their professional institute.

- 6.2.4 The councils' Code of Conduct for Employees also refers to the requirement that staff must operate within the Local Government Act 1972 (section 117). The Act requires that staff must give, as soon as is practical, written notice of the fact that they have a pecuniary interest either directly or indirectly in any contract in which the council is concerned. In addition they must not as an employee accept any fee or reward whatsoever other than their proper remuneration. Gifts and hospitality should only be accepted in accordance with the councils' guidelines within the Code of Conduct for Employees.
- 6.2.5 All staff shall be made aware of and expected to adhere to any internal control system designed to prevent or detect fraud and corruption. They are required to bring any concerns they have on the adequacy of control measures to the attention of their line manager and the Internal Audit Manager.

The role of councillors

- 6.2.6 Councillors are required to operate in accordance with the law and within the council's constitution, including the Suffolk Local Code of Conduct for Members.
- 6.2.7 Councillors agree to observe the code of conduct and register interests specified in the code with the Monitoring Officer.
- 6.2.8 The councils have established a Joint Standards Committee which is responsible for promoting and maintaining high standards of conduct by councillors and co-opted members.

The maintenance of systems against fraud and corruption

- 6.2.9 The Head of Resources and Performance, as the responsible financial officer, has a statutory responsibility under section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations, to make arrangements for the proper administration of the council's financial affairs. The councils' constitutions, Financial Procedure Rules, and Contract Procedure Rules assist in the discharge of this responsibility. There is also a requirement to maintain an adequate and effective internal audit section. The Anglia Revenues Partnership Fraud Team investigates social housing, council tax and benefit fraud on behalf of both councils.
- 6.2.10 The councils have developed and will continue to operate and update systems and procedures, which incorporate efficient and effective internal controls and which include adequate separation of duties to ensure that errors or impropriety are prevented. Heads of Service are required to ensure that such controls, including those in a computerised environment (including any new systems implemented) are properly maintained. Their relevance, existence and effectiveness is independently monitored and assessed by internal audit and also our external auditors.

Partnership with other bodies

- 6.2.11 Arrangements are in place and continue to develop and encourage the exchange of information between the councils and other bodies on national and local fraud and corruption activity in relation to local authorities. These include such bodies as:

- The police
- External Audit
- Professional bodies
- Central government
- Ombudsman's Office
- Suffolk Working Audit Partnership
- National anti-fraud bodies

6.2.12 The National Fraud Initiative (NFI) is a rolling programme of electronic data extraction, data matching, review of and investigation of matched reports and reporting on outcomes. The extracted data is matched with other data from within public sector organisations to highlight potentially fraudulent activity. Organisations participating include police authorities, local probation boards, pension authorities, housing associations, a number of government offices and fire and rescue authorities, as well as all local authorities. The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

Role of Internal Audit

6.2.13 Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors should, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud or corruption may have been occurring. At the request of management, Internal Audit may also be asked to investigate suspected fraud or corruption.

Role of external audit

6.2.14 The external auditor has an interest in ensuring that both councils have adequate arrangements in place for the prevention and detection of fraud and corruption.

6.3 Detection

6.3.1 Whilst the range of preventative measures and internal control systems employed by the councils should provide indicators of any fraudulent activity, it is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place.

6.3.2 Despite the best efforts of managers and auditors many frauds are discovered by chance or from information received and we have in place arrangements to enable such information to be properly dealt with as set out in Financial Procedure Rules and the Joint Whistleblowing Policy.

6.3.3 Members of the public who have genuine concerns can report these to any council officer, but ideally the Head of Legal and Democratic Services.

Alternatively, complaints can be taken directly to the independent Local Government Ombudsman or the Joint Standards Committee.

- 6.3.4 The councils will treat any financial malpractice very seriously, dealing swiftly and firmly with those who are involved in fraudulent or corrupt acts.

6.4 Investigation

- 6.4.1 The Chief Executive and Head of Resources and Performance will determine what steps they consider necessary by way of investigation and report. The matter may be referred immediately to the police; alternatively, they may request that the Internal Audit section undertake an initial investigation to determine the likelihood of an irregularity having occurred. Where a report is required as a result of this initial investigation, this report would normally be issued to the Chief Executive, Head of Resources and Performance, Head of Legal and Democratic Services and Head of Human Resources and Organisational Development. Where there is likelihood that theft, fraud, corruption or misappropriation has occurred, or is occurring, the Head of Resources and Performance shall refer the matter to the police for investigation and report such action as appropriate to the respective council.
- 6.4.2 Depending on the nature and anticipated extent of any allegations or irregularities the investigators will normally work closely with management and other appropriate agencies to ensure a timely and complete investigation and report.
- 6.4.3 On occasions the councils' external auditors may also carry out investigations into suspected fraud or corruption and will do so in accordance with their established procedures.
- 6.4.4 If there is suspicion that an offence of money laundering may have taken place the Money Laundering Reporting Officer (Internal Audit Manager) may refer the matter to the National Crime Agency.
- 6.4.5 Suspected social housing, council tax and housing benefit fraud is subject to investigation by the Anglia Revenues Partnership's Fraud Team and is undertaken in accordance with their fraud policy. Their work may lead to prosecutions being taken against offenders.
- 6.4.6 It is a requirement of our External Auditors that they are informed of all acts of fraud and/or corruption exceeding £10,000 in value.

6.5 Sanctions and redress

- 6.5.1 Wherever possible the following actions will be taken where investigation supports suspicions of fraudulent or corrupt activity:
- Appropriate disciplinary action will be taken in accordance with the council's disciplinary procedures.
 - Criminal proceedings will be brought whenever appropriate, should the Crown Prosecution Service decide a prosecution can be pursued.

- Civil proceedings will be brought to recover lost assets whenever appropriate.

6.5.2 Other forms of redress to recover losses, (such as making a claim against our insurance cover) or to prevent further fraudulent activity by the perpetrator, (such as notifying their professional body) will also be used wherever appropriate.

6.5.3 Sanctions applied in relation to cases of housing and council tax benefits fraud will be applied in accordance with the ARP's fraud policy. Options include formal cautions, administrative penalties and prosecution.

6.6 Training and awareness

6.6.1 The councils recognise that the success of this policy and its general credibility will depend to a large degree on the awareness and responsiveness of staff and members to this policy statement.

6.6.2 It is the responsibility of Heads of Service to communicate this Policy to their staff and to promote a greater awareness of fraud within their service areas. To facilitate this, the councils support the training of appropriate staff in the prevention, detection and investigation of fraud and corruption, including induction training whether provided through e-learning or other means.

6.6.3 Ongoing support, advice and guidance, for example on best practice development in preventing fraud and corruption, will be provided by Internal Audit.

6.6.4 A copy of this policy is available on both councils' intranet and website.

7. Defining success

7.1 The success of this policy will be measured by focusing on the outcomes achieved from the actions outlined within this document. The outcomes to be measured will include:

- awareness levels
- reports of suspicions
- successful investigations
- sanctions applied
- financial losses recovered and where appropriate financial savings.

7.2 The achievements against these outcomes, and the actions taken to minimise future cases of fraud, will be documented in the Internal Audit Manager's annual internal audit report to each council's Performance and Audit Scrutiny Committee.

8. Conclusion

- 8.1 Both councils are committed to tackling fraud and corruption. We have in place a network of systems and procedures to assist in preventing fraud and corruption and hence protect public funds and assets. Our response to cases of suspected fraud or irregularity will be organised and effective and based on the principles included in this policy.
- 8.2 In order to try and stay one step ahead of the fraud to which the councils could be exposed, it is necessary for us to remain aware of national developments and to strengthen systems and procedures where appropriate. This will ensure this policy remains effective and in compliance with legislation and is up to date with developments in best practice.
- 8.3 Key sources of information that will be used to inform the continuous improvement of the application of this policy will be participation in the NFI exercise, information and good practice learnt from relevant national anti-fraud bodies, and networking with local bodies including councils.
- 8.4 Any significant and necessary changes to this Policy will be reported to the Performance and Audit Scrutiny Committee.
- 8.5 Any questions about this Policy can be directed to the Internal Audit Manager.