



## ANTI-FRAUD AND CORRUPTION STRATEGY

Surrey Heath Borough Council has a duty to protect public funds under its controls against the risk of fraud or corruption.

In administering its responsibilities the Council is committed to high standards of accountability, openness and integrity.

This commitment will result in the desired outcome of creating a zero tolerance culture, promoting high ethical standards, encouraging prevention, promoting detection and formalising the procedures for investigation. This will assist in minimising the opportunity for fraud and corruption to exist within the Council's systems. This framework is in line with the strategic aims and objectives of the Council in relation to preventing crime and ensuring value for money.

**Fraud is defined as:**

The intentional distortion of financial statements or other records, by an individual or organisation carried out to deliberately conceal the misappropriation of assets for gain.

**Corruption is defined as:**

The offering, giving, soliciting or acceptance of an inducement, or reward which may influence the action of an individual.

**Bribery is defined as:**

The offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an official in the discharge of his or her public or legal duties.

This strategy should be read in conjunction with the Anti-Bribery Policy, and Code of Conduct for Officers can be found at :

<https://intranet.surreyheathonline.gov.uk/hr/policies-and-procedures>



## **1. Introduction**

- 1.1 Surrey Heath Borough Council in managing its responsibilities is determined to protect itself against fraud and corruption both from within the Council and from external sources. This Anti-Fraud and Anti-Corruption Strategy is designed to prevent and detect corruption and fraud, and to identify methods of investigation and correction.
- 2.1 To deliver the Council's corporate strategy, we need to maximise the financial resources available to the Council. In order to do this, we must eliminate fraud and misappropriation and effectively promote an anti-fraud culture. The Council also recognises the role of external bodies, such as the National Audit Office (including External Audit and Inspection), Local Government Ombudsman, Standards Hearing and Determination Committee, HM Revenue & Customs scrutinising the Council's activities.
- 3.1 Our strategy to deal with fraud, corruption and misappropriation is built upon seven key concepts: Culture, Deterrence, Prevention, Detection, Investigation, Sanction and Redress.

## **2. Culture**

- 2.1 Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services.
- 2.2 The Council requires all Members and employees to lead by example in ensuring that the Council complies with the law and the Council's own regulations, procedures, and practices.
- 2.3 The Council's elected Members and employees are an important element in the stance against fraud and corruption and are expected to maintain the highest possible standards of conduct in public life. These standards are set out in the Council's adopted Code of Conduct for Members in respect of Members and the Council's Code of Conduct for Officers.
- 2.4 Employees who are members of a Professional Institute are further expected to follow the relevant codes of conduct laid down by that Institute.
- 2.5 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and on-going operations. Managers will consider the



fraud threats and take advice where appropriate when implementing any financial or operational system.

- 2.6 The holistic approach extends to the investigation of allegations and the prevention of fraud through system reviews. The Internal Audit and Corporate Enforcement Team provide the Council's fraud investigation and system audit functions. They employ a multi-disciplinary approach to the deterrence, prevention, detection and investigation of fraudulent activity. In addition, the team are free to work with other agencies in the pursuance of the Council's anti-fraud aims.

### 3. **Deterrence**

- 3.1 The Council takes ultimate responsibility for the protection of our finances. In turn, our managers have a duty to protect their service area from losses due to fraud and irregularity and are responsible for implementing proper internal controls.
- 3.2 The corporate framework, which underpins the operation of the Council, has a number of facets that exist to protect the Council against losses from fraud and act as a deterrent. Key elements include:
- An established Standards Hearing and Determination Committee and an adopted Code of Conduct for Members.
  - The Constitution, financial regulations rules, contract procedure rules, standing orders and the scheme of delegation.
  - Internal control reviews by Internal Audit.
  - A Whistle-blowing policy and procedure.
  - Anti-Bribery Policy.
  - Policy on the Regulation of Investigatory Powers Act (RIPA)
  - Information Governance strategy and policy.
  - Complaints procedure.
  - Fraud Response Plan.
  - The promotion of awareness of anti-fraud and corruption issues reinforced by training and publicity.



- Effective recruitment procedures, disciplinary procedures and standards of conduct for officers.

#### **4. Prevention**

- 4.1 The Council's Financial Regulations, Standing Orders on Contracts, Codes of Conduct and any relevant practice and procedure documents are an important protection against fraud and corruption. Managers must ensure that they are complied with at all times. All of the Council's employees are expected to know and understand the relevant Financial Regulations and Standing Orders which apply to areas of their work.

##### [Financial Regulations | Intranet](#)

- 4.2 The Council recognises that an important measure in the prevention of fraud and corruption in its employees is to take effective steps to establish the integrity and propriety of all new employees. Human Resources policies are in place which establish as far as possible the previous record of potential employees in terms of their propriety and integrity. Where necessary, officers will undertake checks with the Disclosure and Barring Service (DBS)
- 4.3 The Council has in place systems and procedures, which incorporate efficient and effective internal controls, including adequate separation of duties, to ensure that as far as possible, errors and improprieties are prevented. Under Financial Regulations, service managers are fully accountable to the Section 151 Officer for the financial management of their services.
- 4.4 The Council will ensure that an adequate and effective internal audit is undertaken of the Council's systems and processes. The Internal Audit team will assist managers in implementing proper controls and correcting any control failures identified by audit work.

#### **5. Detection**

- 5.1 It is the responsibility of the Council's Executive Heads and managers to prevent and detect fraud and corruption. It is, however, often the alertness of staff, Members and the public to the possibility of fraud and corruption that enables detection to occur and appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress
- 5.2 The Council actively encourages staff to report colleagues who are suspected of committing fraud. All members of staff, the public and Members are encouraged to contact the Corporate Enforcement Manager with any suspicion of fraud, corruption, financial malpractice



or the misuse of official position. The Council operates a Whistle-blowing Policy and Procedure setting out the protection offered by the Public Interest Disclosure Act 1998 to employees and third parties.

- 5.3 All internal audit reviews will have regard to the possibility of fraud. Internal Audit will also undertake a series of proactive anti-fraud audits in high risk areas with a view to uncovering fraud and misappropriation.
- 5.4 We will utilise all methods available to detect fraud. This includes data matching, open source research, surveillance and intelligence led investigation. We will also actively participate in the National Audit Office National Fraud Initiative (NFI).

## **6. Investigation**

- 6.1 The Council has adopted the principle (contained in Financial Regulations) that investigations into fraud and corruption will be undertaken under the supervision of the Corporate Enforcement Manager. Managers must not attempt to carry out their own investigations.

### **Members**

- 6.2 Allegations of fraud and corruption made against our Members will be fully investigated in accordance with the provisions of the Localism Act 2011 and any subsequent statute or codes of practice. The Standards Hearing and Determination Committee is responsible for the initial assessment of any complaints that Members may have breached the Code of Conduct for Members. The Council will fully assist the Standards Hearing and Determination Committee or other law enforcement agencies with any investigation concerning a Member.
- 6.3 Any concerns that a Member may have breached the Code of Conduct will be referred immediately to the Monitoring Officer. The Monitoring Officer may utilise the Corporate Enforcement Team or any other appropriate person for the purposes of any investigation.

### **Staff**

- 6.4 The Audit and Corporate Enforcement Team is charged by the Head of Paid Service with leading the Council's fight against fraud. The teams are free to examine all allegations of fraudulent, financial misconduct, corruption and other behaviour affecting the finances or integrity of the Council.



- 6.5 The Audit and Corporate Enforcement Team will investigate any allegation that may have a direct or indirect impact on the Council's finances. Staff have a duty to assist the Council with any matter under investigation. Failure to assist with an investigation may be considered as a breach of trust or failure to comply with financial regulations.

#### Contractors and partners

- 6.6 Our partners will provide full access to their financial records, as they relate to our finances, and their staff will be required to assist fully with any investigation. These conditions will be included in any contract terms or agreements. Personnel records of any person suspected of being involved in fraud will be made available to the Corporate Enforcement Manager.

### **7. Sanctions and Redress**

- 7.1 The Council will utilise its own Standards Hearing and Determination Committee to the fullest extent to promote high standards and regulate the conduct of our Members and will take appropriate action if a Member is in breach of the Code of Conduct.
- 7.2 We will seek the most appropriate sanctions against staff who commit fraud against the Council, its clients or the public purse. This will include disciplinary action, prosecution and civil proceedings.
- 7.3 Employees found guilty of gross misconduct at disciplinary for offences of fraud, theft, serious financial malpractice, using their position for personal gain or for the gain of others, may be subject to summary dismissal. This applies to employees who improperly benefit from the Council as a corporate body and not just those who steal funds from their own unit. It also applies to employees who defraud or steal from the Council's clients. We will also take disciplinary action against staff who commit fraud against other Local Authorities, or any other agency administering public funds.
- 7.4 We will seek the strongest available sanctions against contractors in respect of their staff who commit fraud against the Council or who commit fraud against the public purse. We will request that the organisation takes appropriate disciplinary action against the individual and / or we will require that they are removed from the Council's contract. The ability to request removal of staff will be written into contract terms.
- 7.5 It is likely that all cases involving criminal activities will be reported to the police. The decision to advise the police will be taken by the Chief Executive and the Section 151 Officer.



## **8. The public and external organisations**

- 8.1 Members of the public receive financial assistance and benefits from the Council through a variety of sources. These include Housing Benefit and Council Tax Reduction.

From 1<sup>st</sup> October, 2015 Surrey Heath Borough Council's power to investigate Housing Benefit fraud were rescinded and responsibility transferred to the Department for Work and Pensions. Any suspected fraud relating to Welfare benefits are now referred to the Single Fraud Investigation Service (SFIS) Members of the Public can report suspected Housing Benefit fraud on online at: [www.go.uk/report-benefit-fraud](http://www.go.uk/report-benefit-fraud) or the National Benefit Fraud Hotline on 0800 854 440.

The Council Tax Reduction Scheme is a locally funded scheme and any allegations of suspected fraud involving Council Tax will be investigated by the Corporate Enforcement Team.

Allegations of Tenancy Fraud will be investigated by the Corporate Enforcement Team in conjunction with the appropriate Registered Social Landlord (RSL). Accent Group is the largest RSL within the Surrey Heath area.

## **9. Conclusions**

- 9.1 The Council has in place a clear Corporate Governance framework to fight against fraud and corruption. These arrangements will keep pace with future developments or techniques for preventing and detecting such activities.
- 9.2 The Council maintains a continuous review of such arrangements and through the Section 151 Officer and Head of Legal Services will ensure regular reviews of Financial Regulations, Standing Orders on Contracts, Codes of Conduct, Financial Procedures and Audit arrangements.



#### Document revisions

Name of Author	Date Agreed	Document revised (date)	Details of revisions made	Version
J. Greenfield	10.07.13			1
J. Greenfield	2.11.18		Revisions relate to revised team titles, National Audit Office, Housing Benefit and Council Tax Reduction	2