

Draft anti-fraud and corruption policy

Introduction

1. This is a joint policy adopted by South Oxfordshire District Council and Vale of White Horse District Council. This policy aims to provide an avenue to raise concerns within the relevant council.
2. In carrying out their functions and responsibilities, the councils wish to promote a culture of openness and fairness and expect all those who work for and with the council to adopt the highest standards of propriety and accountability.
3. Following the publication of the Nolan Report in 1997, the Local Government Act 2000, and several well publicised cases concerning fraud and corruption within local government, the councils recognise the need for an anti-fraud and corruption policy.

Who this policy applies to

4. This policy aims to help employees (including temporary and agency staff), to understand how and when to contact the council with their concerns. Employees must ensure they adhere to legal and contractual requirements to ensure that all procedures and practices remain above reproach.
5. This policy also aims to help councillors, co-optees (those invited to join the council's committees as independent members or because of their expertise) and others with whom the council has dealings (e.g. partners, contractors, suppliers and voluntary organisations), and members of the public to understand how and when to contact the council with their concerns.
6. Members of the public may also have concerns, but be unsure how and when to raise them.

Links to strategic objectives

7. This policy underpins all of the councils' strategies, initiatives and work plans.

Aims and scope of this policy

8. The councils believe that in having committees agree this policy:
 - it sets the standard at a sufficiently high level that makes it clear that fraud or corruption will not be tolerated
 - that those perpetrating fraud or corruption will be prosecuted and
 - that the councils are committed to preventing and detecting fraud and corruption.

9. The councils acknowledge that, whilst the vast majority of their employees and those that work with them act with honesty and with integrity at all times to safeguard the public resources for which they are responsible, there are people who will not act in this way.
10. The councils will not accept any level of fraud or corruption. Consequently, any case will be thoroughly investigated and dealt with appropriately.
11. The relevant council will undertake any investigative activity without regard to the suspect's length of service, position/title, or relationship to the council.

Definitions

12. The Fraud Act 2006 establishes a general offence of fraud that can be committed in three ways, as set out below.
 - **FRAUD BY FALSE REPRESENTATION:** a person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
 - **FRAUD BY FAILING TO DISCLOSE INFORMATION:** a person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, make a gain for himself or another; or to cause or expose the risk of loss to another.
 - **FRAUD BY ABUSE OF POSITION:** a person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.
13. Whilst no precise legal definition of fraud exists, the term is used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusions.
14. This policy therefore covers all financial impropriety including theft or corruption, which are described in more detail below:
 - The 1968 Theft Act states the following 'a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

- Corruption is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the audited body, its members or employees.

Actions constituting fraud or corruption

15. Actions constituting fraud or corruption may refer to, but are not limited to:

- any dishonest or fraudulent act
- forgery or alteration of any document or account belonging to the council
- forgery or alteration of a cheque, bank draft or any other financial document
- misappropriation of funds, securities, supplies, or other assets
- impropriety in the handling or reporting of money or financial transactions
- profiteering as a result of insider knowledge of council activities
- disclosing confidential and proprietary information to outside parties
- destruction, removal or inappropriate use of records, furniture, fixtures and equipment
- working whilst on sick leave
- falsifying time sheets and
- failure to declare an interest.

16. Areas that can be particularly susceptible to fraud are set out below with examples of fraudulent activity (the list is not exhaustive).

Area	Example of fraudulent activity
Travel claims	<ul style="list-style-type: none"> • False journeys claimed • Inflated mileage • Two employees claiming for a journey taken together
Expense claims	<ul style="list-style-type: none"> • Claims submitted to the council and a third party
Cash receipts/petty cash	<ul style="list-style-type: none"> • Accepting cash without receipting it • Reimbursement sought for receipted but inappropriate expenditure
Payroll	<ul style="list-style-type: none"> • Hours worked over-stated to take advantage of annualised hours for financial gain
Ordering and payments	<ul style="list-style-type: none"> • Goods ordered for personal use • Goods ordered from a specific supplier in return for some form of benefit
Stocks and assets	<ul style="list-style-type: none"> • Unauthorised use of stationery • Using council assets for personal use such as running a private business

Identifying the risk of fraud or corruption and risk mitigation

17. In having a risk management strategy, which includes risk mitigation measures, the councils aim to detect fraud or corruption and deter potential perpetrators of such activity.
18. This policy and associated anti fraud and corruption response plan set out exactly what steps to take if someone reports or detects a suspected fraud or corruption.
19. In having a continuous programme of fraud and corruption awareness and regular updates and training for new and existing staff the councils aim to mitigate the risk of fraud or corruption taking place.
20. In referring to this policy in its contracts with suppliers and its procurement guide, the council aims to mitigate the risk of fraud or corruption taking place.

Avenues for reporting fraud

21. The councils have in place avenues for reporting suspicions of fraud or corruption. Readers of this policy can refer to the councils' joint whistleblowing policy. Non-employees of either council can, in relation to South Oxfordshire District Council's, use the [complaints process](#) or the complaints guidance relating to the councillors' [code of conduct](#) can be used. In relation to Vale of White Horse District Council, readers can use the appropriate complaints process or the complaints guidance relating to the councillors' code of conduct.
22. The relevant council will deal with matters in confidence and in strict accordance with the terms of the Public Interest Disclosure Act 1998. Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

Responsibilities

23. The primary responsibility for the prevention, detection and investigation of fraud rests with senior management, who also have the responsibility to manage the risk of fraud. The purpose of this policy is to set out more specific responsibilities with regard to the prevention of fraud.

Reporting fraud

24. In accordance with South Oxfordshire District Council's Financial Procedure Rules within the council's Constitution, "a councillor or member of staff or any organisation or person acting on behalf of the council shall notify the council immediately of any financial or accounting irregularity, or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or

irregularity, including those affecting cash, stores, property, remuneration or allowances”.

Receiving reports and preventing fraud or corruption

25. The following paragraphs set out more specifically the roles and responsibilities of those receiving reports of fraud or corruption and their roles and responsibilities in preventing fraud or corruption arising in the first place.
26. The anti fraud and corruption response plan provides further information on who should take what action on discovery of a potential fraud or corruption.
- COUNCILLORS AND CO-OPTED MEMBERS OF THE COUNCIL'S COMMITTEES
27. All councillors and co-optees should take seriously and treat with confidence any concerns raised about a potential fraud. The councils encourage reporting of suspicions and will protect those who do so (even if the suspicions are unfounded but made in good faith), as set out in the council's whistleblowing policy.
28. Councillors and co-optees must ensure that they avoid any situation where there is potential for a conflict of interest.
29. Each councillor or co-optee of the council is responsible for:
- observing standards, as detailed in the councillors code of conduct
 - remaining aware of the codes, protocols, policies and procedures as set out at the end of this document.
- SECTION 151 (CHIEF FINANCE) OFFICER
30. The section 151 (chief finance) officer has responsibility for:
- the proper administration of the council's financial affairs under s.151 of the Local Government Act 1972 and s.114 of the Local Government Finance Act 1988. This includes the employee nominated by him/her to act in his/her absence and any employee of his/her staff acting on his/her behalf
 - reporting to councillors and the Audit Commission if the council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114)
 - investigations arising from allegations raised under the whistleblowing policy when the chief executive, internal audit manager and monitoring officer agree with the section 151 (chief finance) officer that they will take on the responsibility.
- MONITORING OFFICER
31. The monitoring officer has responsibility for:

- ensuring that this policy is current
 - initiating action if fraud or corruption may have been identified
 - the lawfulness and fairness of decision making
 - ensuring that councillors are aware of the protocols, policies and procedures, as set out at the end of this policy that apply when carrying out their duties.
- HUMAN RESOURCES
32. Human resources has responsibility for ensuring that new employees, during induction, become aware of their contractual obligations as well as the protocols, policies and procedures as set out at the end of this policy.
- MANAGERS
33. Managers have responsibility for:
- maintaining internal control systems and communicating them to their staff, ensuring that the council's resources and activities are properly applied in the manner intended
 - identifying the risks to which systems and procedures are exposed to
 - developing and maintaining effective controls to prevent and detect fraud
 - ensuring that controls are being complied with
 - implementing audit recommendations promptly.
- INDIVIDUAL EMPLOYEES
34. All employees should take seriously and treat with confidence any concerns raised about a potential fraud. The councils encourage reporting of suspicions and will protect those who do so (even if the suspicions are unfounded but made with good intent), as set out in the council's whistleblowing policy.
35. The councils expect employees to follow any code of conduct relating to their personal professional qualifications and abide by the councils' employees code of conduct.
36. Employees must operate within Section 117 of the Local Government Act 1972, to give notice in writing of pecuniary interests in contracts relating to their council or the offer of any fees or rewards other than their proper remuneration.
37. All employees must declare any offers of gifts or hospitality, which are in any way related to the performance of their council duties. The *gifts and hospitality policy* provides more information.
38. Employees should not undertake work or activities outside their direct employment with the council if their council duties overlap in some way with their proposed work or activity, e.g. by causing a conflict of interest to making use of material to which they have access by virtue of their council employment.

39. Employee on grade 6 or above should register any secondary employment on a yearly basis. An employee should apply to the head of service for permission to undertake secondary employment. The head of service should send copies of correspondence, including permission, to Human Resources who will record it in the private works register.
40. The councils encourage all staff to make voluntary declarations for all secondary employment based on the need for open government.
41. As well as employment contract obligations, each employee is responsible for:
- remaining aware of the policies and procedures set out at the end of this policy
 - their own conduct and contribution towards the safeguarding of council standards in accordance with the policies and procedures set out at the end of this policy
 - acting with propriety in the use of council resources and in the handling and use of council funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers and
 - reporting details immediately to their line manager or the most appropriate employee if they suspect that fraud or corruption has been committed or they have seen any suspicious acts or events.
- INTERNAL AUDIT
42. Internal audit has responsibility for:
- the independent appraisal of control systems
 - assisting in the investigation of irregularities.
- AUDIT COMMISSION
43. The Audit Commission (external audit) has responsibility for:
- reviewing the stewardship of public money and
 - considering whether the council has adequate arrangements in place to prevent fraud and corruption.
 - the biennial National Fraud Initiative (NFI)
Under Section 6 of the Audit Commission Act 1998, the Audit Commission requires all councils to provide employees' (including councillors') payroll data to enable data matching to take place with the aim of preventing and detecting fraudulent and erroneous payments from the public purse. The council participates in this initiative.

- BENEFITS

44. The council's benefits team carries out activities to prevent and detect benefit fraud.

- THE ROLES OF THE COMMITTEES

45. The Standards Committee has responsibility for matters relating to the councillors code of conduct.

46. The Audit and Corporate Governance Committee has responsibility for:

- risk management issues and making any recommendations thereon
- the overview of the council's whistleblowing policy
- the overview of the council's anti fraud and corruption policy?

- THE POLICE

47. The police may:

- investigate links to offences
- give prevention advice
- advise on any pre-investigation work
- maintain a dialogue with management and/or internal audit during an investigation.

Prevention of fraud and corruption

Regulatory framework

48. The councils have a wide range of mechanisms in place aimed at the prevention and detection of fraud and corruption. These include the main legislation set out in this document in addition to each council's Financial Procedure Rules.

49. The councils will review and update policies as and when required by the section 151 (chief finance) officer and/or the monitoring officer.

50. Managers must ensure that adequate levels of internal checks are included in working procedures, particularly financial procedures. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

51. South Oxfordshire District Council councillors are subject to an enhanced Criminal Records Bureau police check.

Staff selection/screening

52. The councils' recruitment procedures ensure that the councils appoint employees on merit and provide controls to eliminate the appointment of unsuitable people.
53. Applicants complete an application form and must declare any criminal convictions that are not spent. Where appropriate, applicants may also be subject to a Criminal Records Bureau police check.
54. The council seeks written references for all successful applicants.
55. Where appropriate, the council checks with any previous employer the employment records of any potential employee (whether permanent or temporary).
56. The council conducts documentary checks on all new employees to ascertain their eligibility to employment in accordance with the Asylum & Immigration Act 1996 s.8 (as amended) effective 1 May 2004.

Collaboration with outside agencies and other bodies

57. Because of the nature of a council's work, the nature and scope of fraud can vary and cover the responsibilities of different bodies. Accordingly, the relevant council may need to liaise with and undertake joint working with certain agencies, including (but not limited to):
- other local authorities
 - Benefits agencies
 - the Serious Fraud Office (SCD6, formerly SO6)
 - the local police
 - the Home Office
 - the UK Border Agency
58. The councils commit to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the councils will assist and exchange information with other appropriate bodies to assist in the investigation of and to combat fraud.

Detection and investigation

59. The range of preventative systems within the councils, particularly internal control systems, can provide indicators of fraud (and error) and can help to detect any fraudulent activity.
60. Senior managers have responsibility for preventing and detecting fraud and corruption. Often, the alertness of others enables detection of fraud to occur and

appropriate action to take place when evidence suggests that fraud or corruption may be in progress.

61. Despite the best efforts of managers and auditors, many frauds are discovered by chance or whistleblowing. The councils have arrangements in place to deal with such discoveries. The anti-fraud and corruption response plan sets out these arrangements.

Whistleblowing

62. The councils' whistleblowing policy encourages people to raise serious concerns. Employees reporting concerns this way are afforded certain rights and protection through legislation enacted under the Public Interest Disclosure Act 1998.
63. The councils will support employees who report concerns and will take every effort to protect them from reprisals. The councils will do everything possible to protect their confidentiality.
64. Senior management have responsibility for reporting all allegations received from whistleblowing to the monitoring officer as outlined in the whistleblowing policy. The monitoring officer will consult with the chief executive, section 151 (chief finance) officer and the internal audit manager. They will agree whether an investigation is appropriate and, if so, whether the responsibility will pass to the section 151 (chief finance) officer and what form the investigation should take. Where appropriate they will assign an appropriate employee (investigating officer) to investigate the concern.
65. The investigating officer will deal with the matter promptly, efficiently and in accordance with the law, involving such outside agencies as appropriate (including the police). The anti-fraud and corruption response plan and the whistleblowing policy provide more information.

Other suspected fraud or irregularity

66. Under the council's Financial Procedure Rules (see paragraph 24) employees have a duty to report any suspected cases of fraud or corruption. Reporting cases in this way is essential to the anti-fraud and corruption policy, and:
- ensures the consistent treatment of information regarding fraud and corruption
 - facilitates the proper investigation of suspected cases and
 - protects the interests of individuals and the council.
67. This process will apply to allegations relating to all the following areas:
- fraud/corruption by councillors or co-optees
 - internal fraud
 - other fraud by council employees acting in a personal capacity
 - fraud by contractors' employees and

- external fraud (the public)

68. The anti-fraud and corruption response plan gives more guidance on this issue.

69. The external auditor also has powers to independently investigate fraud and corruption.

Confidentiality

70. The councils will treat all information received confidentially. The councils will not disclose or discuss investigation results with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of people suspected but subsequently found innocent of wrongful conduct and to protect the councils from potential civil liability. Any processing of personal data will comply with the Data Protection Act and the data protection principles.

Publicity

71. The relevant council's communications team may use the press to report the outcome of any action taken, including prosecutions.

72. The councils will publish this policy and any review of it to make employees, councillors, co-optees, contractors, partners and the public aware of the council's commitment to taking action on fraud and corruption when it occurs.

Courses of action

73. Mechanisms exist within the councils to act in cases of fraud and corruption. These include the following:

Disciplinary Action

74. Gross misconduct and other fraudulent or corrupt conduct will normally lead to dismissal. The councils' disciplinary procedure provides further information.

Prosecution

75. The councils will seek full redress through the legal processes available to counter any internal or external fraudulent activities perpetrated against it. This redress will be achieved through criminal and/or civil courts as considered appropriate.

76. The chief executive, in consultation with the section 151 (chief finance) officer, the monitoring officer, human resources and the internal audit manager and other external agencies as appropriate, will decide to refer the case to the police for

prosecution. External agencies may include the police, the Department of Social Security and the Crown Prosecution Service.

77. The councils will take all reasonable action to recover any money or goods.

Awareness and training

78. Introducing and implementing a successful anti-fraud and corruption policy is dependent largely on the awareness and responsiveness of employees, councillors and co-optees throughout the council.

79. The councils will make councillors, co-optees and employees aware of this policy initially via the induction process and will remind them of this policy via council publications.

80. The councils support the concept of fraud and corruption awareness training for councillors, co-optees and employees to ensure that their responsibilities and duties in respect of anti-fraud and corruption are current and their understanding reinforced.

81. The councils also commit to training and developing staff who are involved in investigating fraud and corruption and will provide suitable training where necessary.

Monitoring of this policy

82. The monitoring officer will decide when this policy requires review to take account of any change of legislation or council policy.

83. The Audit and Corporate Governance Committee (South Oxfordshire District Council) and the Audit and Governance Committee (Vale of White Horse District Council) has responsibility for the overview of this policy. The monitoring officer, in consultation with the chief executive, the section 151 (chief finance) officer, and the chairman of the Audit and Corporate Governance Committee (South Oxfordshire District Council) and Audit and Governance Committee (Vale of White Horse District Council), will ensure that any corrective actions identified from investigations are brought to the attention of the relevant committee.

Administration

84. The monitoring officer has overall responsibility for the maintenance and operation of this policy, and will liaise with the chief executive, the section 151 (chief finance) officer, and the internal audit manager.

Conclusion

85. The councils commit to the development of an anti-fraud and corruption culture and will not tolerate fraud or corruption.
86. Fraud or corruption, where it is detected, will be dealt with promptly, investigated fairly, and where appropriate, prosecuted to the fullest extent that the law allows. In certain matters, depending on the nature of the circumstances, alternative sanctions may, on agreement, be deemed to be appropriate.
87. This document seeks to state the positions of South Oxfordshire District Council and Vale of White Horse District Council and their intent regarding all fraud and corruption matters that may affect either council.

This policy was approved by ## on the ###.

The following are associated policies and procedures that are referred to in this policy or can be used as additional sources of information:

- Dignity at work policy
- Anti-fraud and corruption response plan
- Budget and policy framework procedure rules
- Code of conduct for councillors and its associated complaints procedure
- Code of conduct for employees (South Oxfordshire District Council only)
- Complaints policy and procedure
- Contracts procedure rules
- Councillors' allowances scheme
- Disciplinary procedure (for employees)
- Financial procedure rules
- Gifts and hospitality guidance for officers
- Grievance procedures (for employees)
- Local code of governance (South Oxfordshire District Council)
- Money laundering policy
- Planning code of good practice for councillors
- Protocol on councillor/employee relations (South Oxfordshire District Council)
- Public Interest Disclosure Act 1998
- Safeguarding children and vulnerable adults policy
- Scheme of delegation
- Service specific procedure manuals
- Whistleblowing policy

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