

PART 5 - CODES AND PROTOCOLS

SECTION H

ANTI FRAUD AND CORRUPTION STRATEGY

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.
- 1.2 The Council also recognises the role of external bodies, such as the Audit Commission (including External Audit and Inspection), Local Government Ombudsman, Standards Board for England, HM Revenue & Customs and the Inland Revenue in scrutinising the Council's activities.
- 1.3 Fraud and corruption are defined by the Audit Commission as:-

Fraud – “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 of assets or otherwise for gain”. In addition, fraud can also 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 mislead or misrepresent”.

Corruption – “The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”. In addition, this policy statement also covers “The failure to disclose an interest in order to gain financial or other pecuniary benefit”.

2. Culture

- 2.1 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.
- 2.2 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 Employees.
- 2.3 Employees who are members of a Professional Institute are further expected to follow the relevant codes of conduct laid down by that Institute.
- 2.4 Members and employees are positively encouraged to report any concerns they may have associated with any Council activity to their line manager or other senior

manager. Alternatively they may raise the matter confidentially and without fear of recrimination with the Head of Audit or the Head of Legal and Corporate Services.

- 2.5 The Council also expects that its suppliers, contractors and clients will act with integrity and without intent to commit fraud or corruption against the Council.
- 2.6 Employees of contractors working for the Council are also encouraged to bring to the attention of the Council or either of the Council Officers mentioned above, any concerns they have regarding their employer's relationship or business dealings with the Council.
- 2.7 Members of the public are also encouraged to report any concerns which they may have either through the corporate complaints procedure or by contacting a senior manager or either of the Council Officers mentioned above.
- 2.8 If the concern of a member of the public is regarding a claimant for housing benefit then the matter can be raised on the Benefit Fraud hotline.
- 2.9 Alternatively, anyone wishing to raise the matter with a body outside the Council, they can either contact the Council's External Auditors, the Audit Commission or Public Concern at Work.

("Public Concern at Work" is an independent charity that provides free advice for employees who wish to express concerns about fraud or other serious malpractice.)

3. Prevention

- 3.1 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.
- 3.2 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. Personnel policies are in place which establish as far as possible the previous record of potential employees in terms of their propriety and integrity. Written references are sought which specifically ask questions regarding known honesty or integrity of potential employees.
- 3.3 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.
- 3.4 The Council has in place systems and procedures which incorporate internal controls, including adequate separation of duties to provide indicators of, and to deter, any fraudulent activity.

4. Detection and Investigation

- 4.1 It is the responsibility of the Council's Chief Officers 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.

- 4.2 Despite the best efforts of managers and auditors, many frauds are discovered by chance or from tip-offs and the Council has in place arrangements to enable such information to be properly dealt with.
- 4.3 The Council has adopted the principle (contained in Financial Regulations) that investigations into fraud and corruption will be undertaken by the Audit Service under the supervision of the Head of Audit. Managers must not attempt to carry out their own investigations. To ensure that any investigations are conducted and recorded in a professional and systematic manner, the Audit Service will operate in accordance with the methodology set out in the Audit Commission's Audit manual, "Fraud and Corruption".
- 4.4 The Council's disciplinary procedures may be used where the outcome of an audit investigation indicates improper behaviour by an employee of the Council.
- 4.5 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.

5. Arrangements with other Organisations

- 5.1 Arrangements are in place and continue to be developed which encourage the exchange of information between the Council and other agencies.
- 5.2 The Audit Commission and the Council's External Auditors are committed to the prevention of fraud and corruption. The external auditors have a responsibility to report on the adequacy of the Council's arrangements for fraud and corruption. They also have powers to independently investigate fraud and corruption and the Council may also use this as a service to the Council.
- 5.3 Relationships are maintained with such external agencies as the Police, Department of Works and Pensions, Customs and Excise, Surrey County Council, all District Councils in Surrey and groups with specific remits to tackle fraud and corruption such as the Surrey Audit Group, the Local Authorities' Investigation Officers Group, the Association of District Treasurers and the Benefits Agency.
- 5.4 The Council will continue to explore arrangements for co-operation and joint working with other organisations for the purpose of examining new initiatives which help to combat fraud.

6. Conclusions

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

