

To: Finance, Resources and Customer Services Policy Board

On: 30 January 2019

Report by: Director of Finance and Resources

Heading: Counter Fraud and Corruption Policy

1. Summary

1.1 The purpose of this report is to provide members with the new Counter Fraud and Corruption Policy which details the Council's approach to the prevention, detection and reporting of fraud and corruption, across all of the Council's service areas. The policy is attached in Appendix 1.

1.2 The scope of the Policy extends to:

- Employees
- Elected members
- Service users
- Contractors, agencies and suppliers
- Other partner organisations where the principals of "following the public pound" would apply, such as organisations that receive funding from the Council, including the voluntary sector and other third-party organisations in which the Council has an interest.

1.3 The Policy meets the requirement to have effective arrangements for tackling fraud. The content conforms to professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). It has also taken account of other professional guidance, and relevant legislation such as the Bribery Act 2010.

2. Recommendations

- 2.1 To approve the Counter Fraud and Corruption Policy attached in Appendix 1.
- 2.2 To note that the approval of the Counter Fraud and Corruption Policy replaces the Strategy for the Prevention and Detection of Fraud and Corruption and the Housing and Council Tax Benefit Counter Fraud Policy.

3. Background

- 3.1 The public expect the Council to conduct its affairs with integrity, honesty and openness, and demand the highest standard of conduct from those working for and with it. The Council is also expected to safeguard public funds, and to ensure that they are available and used for their intended purpose.
- 3.2 The Council has a commitment to achieving the highest standards of probity, which ensures that the opportunity for fraud and corruption is reduced to the lowest possible risk, with losses minimised. The Council's aims to meet these expectations by having a culture which demonstrates clearly the Council is firmly committed to dealing equally with any fraud and corruption by perpetrators from both inside (elected members and employees) and outside the Council (including service users, members of the public, partners, contractors and suppliers).
- 3.3 The Council currently has a Strategy for the Prevention and Detection of Fraud and Corruption and a Housing and Council Tax Benefit Counter Fraud Policy. However, there have been several changes affecting the prevention, detection and investigation of fraud within the Council. The most significant are:
 - The Department for Work and Pensions transferred the investigation of alleged Housing Benefit fraud to their Single Fraud Investigation Service;
 - Council Tax Benefit has been replaced with Council Tax reduction; and
 - The establishment of a Corporate Counter Fraud Section with the Internal Audit Service.

- 3.4 These changes have resulted in the necessity for a new Council Counter Fraud and Corruption Policy to reflect the current arrangements in place for the prevention, detection and investigation of fraud risks throughout the Council.

Implications of the Report

1. **Financial** – This aim of this Policy is to safeguard public funds, and to ensure that they are available and used for their intended purpose.
2. **HR & Organisational Development** – Training on Fraud Risks will be offered to relevant staff.
3. **Community Planning**
Children and Young People – None
Community Care, Health & Well-being – None
Empowering our Communities – None
Greener - None
Jobs and the Economy – None
Safer and Stronger - None
4. **Legal** – The Policy conforms to the relevant legislation
5. **Property/Assets** – None
6. **Information Technology** - None
7. **Equality & Human Rights** -The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Some negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. Mitigating actions are detailed in section 11 of the policy. A full copy of the Impact Assessment undertaken is available from the report author. Following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored. The results of the assessment will be published on the Council's website.
8. **Health & Safety** - None

9. **Procurement** – None
 10. **Risk** – The Policy is designed to prevent and detect fraud risks
 11. **Privacy Impact** – A Privacy Impact Assessment (PIAs) has been conducted, the report identifies the arrangements in place to minimise and manage the impact of privacy risk.
 12. **CoSLA Policy Position** – None
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List of Background Papers

- (a) Background Paper - None
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Counter Fraud and Corruption Policy



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Renfrewshire Council

Counter Fraud and Corruption Policy

1. Introduction

- 1.1 The Counter Fraud and Corruption Policy details the Council's approach to the prevention, detection and prosecution of fraud and corruption, across all of the Council's service areas.
- 1.2 The public expect the Council to conduct its affairs with integrity, honesty and openness, and demand the highest standard of conduct from those working for and with it. The Council is also expected to safeguard public funds, and to ensure that they are available and used for their intended purpose.
- 1.2 The Council has a commitment to achieving the highest standards of probity, which ensures that the opportunity for fraud and corruption is reduced to the lowest possible risk, with losses minimised.
- 1.3 The Council's aims to meet these expectations by having a culture which demonstrates clearly the Council is firmly committed to dealing equally with any fraud and corruption by perpetrators from both inside (elected members and employees) and outside the Council (including service users, members of the public, partners, contractors and suppliers).
- 1.4 The scope of the Policy extends to:
- Employees
 - Elected members
 - Service users
 - Contractors, agencies and suppliers
 - Other partner organisations where the principals of "following the public pound" would apply, such as organisations that receive funding from the Council, including the voluntary sector and other third-party organisations in which the Council has an interest.
- 1.5 The Policy meets the requirement to have effective arrangements for tackling fraud. The content conforms to professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). It has also taken account of other professional guidance, and relevant legislation such as the Bribery Act 2010.

2. Definition of Fraud and Corruption

- 2.1 Fraud can be described as: ***'An intentional act to deceive or damage another for personal gain'***. Some examples of fraudulent behaviour are: theft, collusion, bribery, money laundering, false accounting, counterfeiting, and claiming benefits to which there is no entitlement.
- 2.2 Corruption is described as any unethical behaviour including **"the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person"**.

3. Policy Aims

- 3.1 The aim of the Counter Fraud and Corruption Policy is to:-

**Deter,
Disable,
Detect and**

Deal with fraud and corruption, primarily against the Council.

3.2 This will be implemented by:

- Encouraging fraud deterrence and prevention;
- Raising awareness of fraud and corruption and promoting their detection
- Recommending improvements in working practices to strengthen areas of weakness
- Performing investigations and facilitating recovery
- Administering sanction action including invoking disciplinary procedures and referral to the Police or Procurator Fiscal
- Monitoring, publicising and updating this policy and its related procedures and performance
- Working in partnership with other appropriate bodies.

3.3 The Counter Fraud and Corruption Policy is supported by more detailed policies, standards and procedures and contractual conditions, including:-

- Corporate Counter Fraud Plan
- Codes of Conduct for Employees and Members, and supporting policies and guidance
- Disciplinary Procedures
- Financial Regulations & Codes
- Anti-Money Laundering Policy
- Policy for expressing concerns outwith line management (whistleblowing)
- Standard contract terms and conditions
- Grant conditions of award

4. Roles and Responsibilities

4.1 Everyone has an important role to play in managing the risk of fraud and corruption.

4.2 **Members and employees** are expected to:

- Abide by relevant codes of conduct, council policies and procedures; including declaration and registration of relevant interests or offer of gifts or hospitality.
- Lead by example to ensure the Council's risk of fraud and corruption is mitigated as far as possible.
- Report any suspicion of fraud or corruption.

4.3 **Senior Officers and Managers** are responsible for the communication and adherence of this Policy in their work areas and for ensuring that risk management and internal controls are in place to minimise the risk of fraud and corruption.

4.4 **The Director of Finance and Resources** is the Corporate Management Team Member responsible for the implementation of this policy.

4.5 **The Chief Auditor** has operational responsibility for the implementation of this Policy.

4.6 The Counter Fraud Team, under the direction of the Chief Auditor, will carry out the key tasks required to facilitate the implementation of this policy and be responsible for undertaking investigations of potential fraud against the Council. Where there is an allegation made against an employee which relates to their employment functions, the matter will be investigated by Internal Audit and/or Counter Fraud Officers in line with Appendix A of the Council's Disciplinary Procedures.

- 4.7 These investigations will be targeted to make best use of the available resources and will be undertaken in accordance with the relevant legislation, policies and procedures.

5. Collaborative Working

- 5.1 On some occasions, fraud investigations will be undertaken in partnership with the Council's Internal Auditors, Council Staff or Officers from appropriate External Organisations such as Police Scotland or the Department for Work and Pensions. (DWP)
- 5.2 The Counter Fraud Team will act as the Single Point of Contact (SPOC) for facilitating the supply of information required by DWP officers to undertake Housing Benefit Fraud investigations, in accordance with the terms of the Service Level Agreement between the DWP and the Council. This task will be undertaken with the assistance of the Council's Benefits Team and any other appropriate officers.
- 5.3 The Counter Fraud Team will also undertake a co-ordinating role, for the National Fraud Initiative under the direction of the Chief Auditor.

6. Fraud Referrals

- 6.1 Council Members, Council Officers and Members of the Public will be encouraged to refer any allegations of non-employee related fraud against the Council to the Counter Fraud Team. A Fraud Referral Form is available on the Council's Website and a Fraud Hotline has also been set up. Where allegations relate to employees in their capacity as employees of the Council, the referral should be made to the Chief Auditor in line with Appendix A of the Council's Disciplinary Procedures.
- 6.2 All referrals will be subject to a scrutiny process to determine those meriting further investigation.
- 6.3 Exercises involving data matching and the analysis of customer data will also be undertaken, in accordance with the relevant legislation and council policies to detect possible fraudulent activities within or against the Council.

7. Conduct of Investigations

- 7.1 Investigations will be conducted in accordance with the current legislative requirements and the relevant policies, procedures and guidance of the Council, including Appendix A of the Council's Disciplinary Procedures.
- 7.2 Counter Fraud Officers as part of the Internal Audit Section have authorised full, free, and unrestricted access to any and all of Renfrewshire Council's records, physical properties, and personnel pertinent to carrying out any investigation. All employees are requested to assist the counter fraud activity in fulfilling its roles and responsibilities.
- 7.3 Contractors and suppliers must abide by the Council's general terms and conditions and grant recipients must comply with the grant conditions of award. These conditions allow the Internal Audit Section to interview personnel and inspect the records of the contractor or grant recipient.
- 7.4 Where appropriate an interview may be conducted under caution.
- 7.5 Members of the Counter Fraud Team will make no disclosure of any information held unless this is authorised or there is a legal or professional requirement to do so.

8. Reporting

- 8.1 The outcomes of individual fraud investigations will be agreed upon by the Counter Fraud Officers and approved by the Chief Auditor or Assistant Chief Auditor. The outcome will also be reported, where appropriate to the nominated officer of the Service concerned.
- 8.2 If the case is considered to be of a serious nature, as the Council is a Specialist Reporting Agency, the case may be referred directly to the Procurator Fiscal or to the Police.
- 8.3 Where the named suspect is an employee, the appropriate Service Director and Head of HR and Operational Development will be informed for consideration of disciplinary proceedings; and if such a case is to be referred to the Police, this will be in agreement with the Chief Executive.
- 8.4 Where the named suspect is an Elected Member the Head of Corporate Governance (as Monitoring Officer) and the Chief Executive will be informed for consideration of referral to the Police and/or Standards Commission.
- 8.5 Counter Fraud performance information will be made available to the Director of Finance and Resources and to Members of the Audit, Risk and Scrutiny Board on a quarterly basis.
- 8.6 The Chief Auditor may report direct to the Chief Executive, Board members or the Council regarding any matters of concern that could place the Council in a position where the fraud and corruption risks it faces are unacceptable.

9. Communicating Fraud Risks

- 9.1 Publicity and awareness are an integral part of creating an anti-fraud culture, as well as effective prevention and deterrent tools; the Counter Fraud Team is committed to ensuring that awareness levels are as high as they can be across the Council.
- 9.2 The Counter Fraud Team will prepare Council wide communications highlighting the need to be vigilant to the risk of fraud to Council Members, Council Staff and Members of the Public. Targeted training will also be delivered to Members and employees to highlight the risk of fraud.
- 9.3 In areas where fraud has been detected, Internal Audit or Counter Fraud will liaise with the relevant service and work with them to enable them to learn from the fraud detected and strengthen their controls to reduce the risk of further fraud.
- 9.4 Where appropriate, the outcomes of investigations may be publicised to further enhance the deterrent effect and reduce the risk of further fraud occurring.

10. Confidentiality

- 10.1 Information relating to counter fraud investigations will be recorded, maintained and processed confidentially and securely by the Counter Fraud Team. Information processed may include manual or electronic records and will be done so in line with the General Data Protection Regulations and will be used solely for the investigation and potential prosecution of suspected fraud.

11. Impact Assessment

- 11.1 This policy has been impact assessed in relation to privacy, equality and human rights in line with the Council's obligation to comply with the General Data Protection Regulations, Equality Act 2010 and the Human Rights Act 1998. Fraud investigations, by their nature, require an assessment of the true facts and can involve the collection of personal data and the potential for infringement of individuals' human rights.

- 11.2 Article 8 ECHR affords everyone the right to respect for private and family life, including home and correspondence. Although this right is not absolute, any interference must be justified on the basis that it is lawful, necessary to pursue a legitimate aim and proportionate. This means that the interference should not be greater than is necessary to achieve the legitimate aim. Arrangements are in place to manage the impact of privacy risks, including specialist counter fraud training, regular training on data protection and human rights legislation, engagement with Legal Services and records management procedures, to ensure that personal data is processed lawfully and proportionately.

12. Approval and Review of Counter Fraud and Corruption Policy

- 12.1 This policy will be agreed upon by the Council's Corporate Management Team and approved by the Finance, Resources & Customer Services Policy Board.
- 12.2 The policy will be reviewed every two years.

Document History

Document	Counter Fraud and Corruption Policy	Owner	Director of Finance & Resources
Date	January 2019	Lead Reviewer	Chief Auditor
Version No	1.0	Author	Asst. Chief Auditor
Review Date	January 2021		