



# **ANTI-FRAUD & CORRUPTION POLICY**

**Approved by Council February 2011**

## Contents

<b>Section</b>		<b>Page</b>
1	Introduction	3
2	Definition of Fraud, Bribery & Corruption	3
3	The Council's Commitment	4
4	Prevention of Fraud, Bribery & Corruption	4
5	Detection of Fraud, Bribery & Corruption	7
6	Investigation	8
7	Responses to Reported Concerns and Suspicious	9
8	Action to deter Fraud, Bribery & Corruption	9
9	Measuring the effectiveness of this Policy	10
10	Review and Approval of this Policy	10
Annex One	The Seven Principles of Public Life	11

## **TONBRIDGE & MALLING BOROUGH COUNCIL** **Anti-Fraud & Corruption Policy**

### **1 INTRODUCTION**

- 1.1 Tonbridge & Malling Borough Council is opposed to all forms of fraud and corruption, including bribery, and is determined to protect itself from such actions whether attempted from within the council or by an outside individual, group or organisation.
- 1.2 The council recognises that fraud, bribery and corruption undermine the standards of public service, which it promotes, and reduces the resources available for the good of the whole community. Such activity may therefore impact on the ability of the council to achieve its corporate objectives, as set out in its Corporate Plan. In response to this, the Anti-Fraud & Corruption Policy is designed to: -
- encourage prevention;
  - promote detection, and
  - support investigation.

### **2 DEFINITIONS OF FRAUD, BRIBERY & CORRUPTION**

- 2.1 Fraud is 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 of assets or otherwise for gain.*

- 2.2 This may involve:

- Dishonestly making a false representation to make a gain, to cause loss or to expose another to a risk of loss.
- Dishonestly failing to disclose information for which there is a legal duty to disclose, in order to make a gain, to cause loss or to expose another to a risk of loss.
- Dishonestly abusing a position, where the person occupying the position is expected to safeguard, or not act against, financial interests to make a gain, to cause loss or to expose another to a risk or loss.

- 2.3 Fraud can be any act of deception which acts to the financial detriment of the council. Acts such as misappropriation or petty theft will therefore also be considered by the council as fraud and treated under the arrangements within this Policy.

2.4 Bribery is defined as:

*The offering, giving or soliciting of an inducement or reward which may influence a person to perform a function or activity improperly.*

2.5 Corruption is defined as:

*The giving and/or acceptance of an inducement or reward which influences the action of any person.*

### **3 THE COUNCIL'S COMMITMENT**

3.1 In developing and operating its anti-fraud, bribery and corruption arrangements, the council will:

- Where possible, take action to prevent fraud, bribery and corruption activity occurring.
- Encourage the detection of such activity.
- Promote Member, officer, the general public and other stakeholder awareness of fraud, bribery and corruption.
- Offer specific training on these issues to officers in key positions within the organisation.
- Encourage Members, officers, the general public and other stakeholders to report any concerns or suspicions.
- Investigate any substantiated concerns or suspicions in a fair and confidential manner.
- Take action as appropriate based on the outcomes of investigations.

### **4 PREVENTION OF FRAUD, BRIBERY & CORRUPTION**

#### **Recruitment and induction**

4.1 The council recognises that a key preventative measure in the fight against fraud, corruption and bribery is to take effective steps at the recruitment stage to verify the propriety and integrity of the previous records of potential employees of the organisation. The council has a Recruitment Guide in place which should be adhered to in recruiting both permanent and temporary/contract staff. This guidance requires a number of checks at the recruitment stage to establish and confirm the previous records of potential employees, including the take up of written references and Criminal Records Bureau checks for certain identified posts.

4.2 The council has developed a formal induction process for new employees

and a Staff Handbook which is issued to new employees as part of the induction process. These are intended to develop an awareness of the council's internal control arrangements, key policy documents and the Employee Code of Conduct.

- 4.3 As elected representatives of the local community, newly-elected Members are also required to complete an induction to assist them in understanding the council, its decision-making arrangements and the requirements of the Member Code of Conduct. These matters are also detailed in the handbook issued to all Members.

### **Training**

- 4.4 The council recognises that training is a vital tool in ensuring that both officers and Members clearly understand their roles and responsibilities within the organisation and carry these out within the council's framework of policies and procedures. Training is particularly important where employees are required to operate within financial systems or handle monies or personal/confidential information.
- 4.5 The council will promote a general awareness of fraud, bribery and corruption to all employees and Members, with specific training provided to officers engaged in the prevention and detection of such activity to ensure that they have the necessary skills to carry out these functions.

### **Internal Control Arrangements**

- 4.6 The council as a whole operates within a framework of policies and procedures intended to direct the activity of the council and ensure transparency in decision making. The Constitution forms the main spine of these arrangements and includes the council's financial procedure rules and contract procedure rules.
- 4.7 Responsible officers are expected to ensure that effective internal control arrangements are incorporated into the design or development of systems and procedures. Such arrangements would include ensuring adequate segregation of duties, authorisation and physical security controls to protect the council from error, misappropriation or loss.
- 4.8 Members and officers are required to declare any financial and other interest in any outside bodies or organisations which could be considered or perceived as having an influence on their actions on behalf of the council.
- 4.9 The council has established a Standards Committee to deal with matters relating to the Member's Code of Conduct.

## **Organisational Culture and Conduct**

- 4.10 The council is determined that the culture and tone of the organisation will continue to be one of honesty and opposition to fraud, bribery and corruption. The council operates a zero-tolerance approach towards fraud, bribery and corruption activity.
- 4.11 The council supports the Seven Principles of Public Life identified by the Nolan Committee and recognises that these are fundamental to developing an effective working environment which does not allow or tolerate fraud, bribery and corruption activity. Further information on the Seven Principles of Public Life can be found as **Annex 1** to this document.
- 4.12 The council expects that Members and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. In particular, Members and officers are expected to adhere to their relevant Code of Conduct and declare any interests they may have that could or could be perceived to influence them in any decision-making they may be involved in relating to council business. Members and Officers are also required to declare any gifts or hospitality they are offered relating to their role or council business, whether these are accepted or declined.
- 4.13 Managers should strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. There is also a Confidential Reporting Code in place to enable staff to raise any concerns where staff feel unable to raise concerns with their manager.
- 4.14 The Council also expects that individuals and organisations (e.g., suppliers, contractors, partners and service providers), that it comes into contact with will act with integrity in their dealings with the council and without thought or actions involving fraud and corruption.

## **Internal Scrutiny Arrangements**

- 4.15 The council has an internal audit function which has the responsibility to objectively examine, evaluate and report on the adequacy of the control environment by evaluating its effectiveness in achieving the organisation's objectives. This work of internal audit will include review of the existence and effectiveness of the council's internal control arrangements. Any review work undertaken by the internal audit function will give due consideration to the risk of fraud or corruption with the area subject to audit.
- 4.16 Assurance of the effective operation of internal control arrangements is requested from management annually as part of the council's arrangements for preparing the Annual Governance Statement. Managers are required to specifically provide assurance on the effective operation of internal control arrangements and staff awareness of this Policy. Managers also have a responsibility to carry out regular risk reviews and to raise concerns if they identify any areas where there is a potential weakness in internal controls.

- 4.17 The Audit Committee also have a role in providing independent assurance to the council on the adequacy of the council's control environment. This role is discharged by the committee through the receipt of regular reports on the work and findings of internal and external audit, and the council's governance and risk arrangements.

### **External Scrutiny Arrangements**

- 4.18 The Council is subjected to a high degree of external scrutiny of its affairs by a variety of bodies and people.
- 4.19 As part of its statutory duties, the External Auditor is required to ensure that the council has in place adequate arrangements for the prevention and detection of fraud, bribery and corruption.

### **Working with others**

- 4.20 The council is committed to working with other organisations to prevent and detect fraud, bribery and corruption through undertaking specific initiatives and ensuring that arrangements are in place to encourage the exchange of information between the council and other agencies. Though not intended to be exhaustive, the council currently works with the following:

- Audit Commission
- Kent Police
- Department for Works and Pensions
- Inland Revenue
- National Anti-Fraud Network
- National Fraud Initiative
- Kent Audit Group
- Local Authority Investigation Officers Group
- Kent Investigation Officers Group
- National Health Service

## **5 DETECTION OF FRAUD, BRIBERY & CORRUPTION**

- 5.1 The council has put in place a range of internal control arrangements within its systems and processes to detect inappropriate or dishonest activity, including budget monitoring and reconciliations. These arrangements should be sufficient in themselves to detect fraud, corruption and bribery activity should this occur. The council recognises, however, that the detection of such activity is often as a result of the alertness of employees, Members, the general public and other stakeholders.
- 5.2 Members of the public and stakeholders are encouraged to come forward and report any concerns or suspicions they may have through:

- The council's Confidential Reporting Code, which is available at [www.tmbc.gov.uk/assets/audit/CRC.pdf](http://www.tmbc.gov.uk/assets/audit/CRC.pdf) , from council offices or by calling 01732 844522
  - The council's Internal Audit team (01732 876086)
  - The council's External Auditor, the Audit Commission
- 5.3 Concerns or suspicions directly relating to benefit fraud should be reported to the Fraud Investigation team through the council website or via the Benefit Fraud Hotline (01732 876337)
- 5.4 Elected Members are also encouraged to come forward and report any concerns or suspicions they may have of fraud, corruption or bribery to:
- the Chief Internal Auditor
  - the Director of Finance
  - the Monitoring Officer
  - the Chief Executive
- 5.5 Employees are encouraged to report any concerns or suspicions in the first instance to their Line Manager or Service Manager where it is appropriate to do so. However, if the issues are of a serious or sensitive nature or involve management concerns they may be reported using the Confidential Reporting Code.
- 5.6 The council's Financial Procedure Rules require Chief Officers to immediately notify the Director of Finance of any financial irregularity or suspected financial irregularity.
- 5.7 The council recognises that on occasions, employees, Members and organisations working with the council may not want to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. In such instances, persons are urged to report concerns or suspicions through the channels set out in the council's Confidential Reporting Code.

## 6 INVESTIGATION

- 6.1 Any Manager with information about suspected fraud, bribery or corruption activity must report this immediately to the Chief Internal Auditor. Managers are also responsible for:
- recording and securing all evidence received and collected;
  - ensuring that evidence is sound and adequately supported;
  - implementing Council disciplinary procedures where appropriate.



- 6.2 The Fraud Investigations Team is responsible for all benefit fraud investigations. These investigations will be undertaken in accordance with the council's Housing & Council Tax Benefit Anti-Fraud Policy and Prosecution Policy.
- 6.3 The council has established a corporate approach to co-ordinate the investigation of allegations of fraud and corruption to ensure the effective use of the skills and resources within the organisation. This approach is intended to utilise officers from Internal Audit, Fraud Investigations and Personnel based on the nature of the allegation and the investigatory skills required.
- 6.4 The council has a formal procedure for conducting such investigations which allows for investigations to be carried out impartially and with complete confidentiality. As well as looking to confirm or refute allegations of fraud and corruption activity reported, investigatory work will also look to identify any improvements in internal control, training needs or other suitable solutions to prevent or deter the reported activity from recurring.
- 6.5 The council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a council employee.
- 6.6 Where financial impropriety is discovered or it appears that a criminal offence may have been committed, the council's presumption is that the issue will be pursued. The matter may be referred to the Police. Any such decision will not be seen to prohibit and should not unnecessarily delay action under the disciplinary procedure.
- 6.7 When making decisions about prosecutions, the Council will have regard to the Code for Crown Prosecutors issued by the Director of Public Prosecutions
- 6.8 The council will seek, where appropriate, to maximise the recovery of any loss to the council.
- 6.9 The investigation process must not be misused. The council will treat any reporting of unfounded malicious allegations seriously. Where employees are concerned, any such finding from the investigation process may be treated as a disciplinary matter.
- 6.10 Elected Members and employees will be given advice and support, where considered necessary, if they are the subject of any unfounded malicious allegation.

## **7 RESPONSES TO REPORTED CONCERNS AND SUSPICIONS**

- 7.1 Any person or organisation reporting concerns or suspicions of fraud or corruption activity may request to be kept informed of the progress of any investigation or its outcome. The council reserves the right to not fulfil this request where doing so may be to the detriment of the effectiveness and confidentiality of the investigation process.

- 7.2 Where people or organisations have raised a concern or suspicion about fraud or corruption activity but are not satisfied with the response they received, they may pursue the matter further by referring the issue through one of the following channels:
- the council's complaints procedure
  - An Elected Member
  - The Audit Commission
  - Public Concern at Work
  - A relevant professional or regulatory body
  - A solicitor or the Police.

## **8 ACTION TO DETER FRAUD, BRIBERY & CORRUPTION**

- 8.1 All anti-fraud, bribery and corruption activities undertaken by the council, including the update of this policy, will be publicised in order to make employees, Members, the general public and stakeholders aware of the council's commitment to taking action on such activity, when it occurs.
- 8.2 The council will endeavour to act robustly and decisively when fraud, bribery or corruption is suspected and proven. This will be demonstrated through disciplinary action or prosecution.
- 8.3 The council will take action to help ensure the maximum recoveries for the council.
- 8.4 The council's Media & Communications Team is responsible for optimising the opportunities available to publicise to the public any anti-fraud, bribery and corruption activity being undertaken within the council. Once notified of such cases, the Media & Communications Team is also responsible for endeavouring to ensure that the results of any investigations undertaken, including prosecutions, are reported in the local press.

## **9 MEASURING THE EFFECTIVENESS OF THIS POLICY**

- 9.1 The council has recognised the importance of measuring the effectiveness of its anti-fraud, bribery and corruption arrangements and that this cannot consist of one single measure. The council will demonstrate the effectiveness of this Policy through a number of measures focusing on outcomes and will include assessments of:
- awareness levels
  - number of suspicions and concerns reported
  - number of investigations undertaken

- outcomes of investigations undertaken
- level of losses identified
- sanctions applied
- financial losses recovered or, where appropriate, financial savings generated.

9.2 This information will be reported to the Audit Committee on an annual basis

## 10 **REVIEW AND APPROVAL OF THIS POLICY**

10.1 The Anti-Fraud and Corruption Policy will be reviewed at least annually, and will be approved by Council following consideration by the Audit Committee and Policy Overview Committee.

## The Seven Principles of Public Life

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.