



ANTI-FRAUD AND CORRUPTION STRATEGY

A POLICY STATEMENT

1. INTRODUCTION

Hart District Council is one of the largest organisations in the District employing over 450 people with a gross turnover approaching £20m each year. A further £30m is collected in local taxes and business rates on behalf of the Council, Hampshire County Council, Hampshire Police Authority, local parishes and the Department of the Environment.

In administering its responsibilities the Council is committed to high standards of accountability, openness and integrity. The Anti-Fraud and Corruption Policy sets out how the Council will manage risks that are associated with fraud and corruption. The anti fraud and corruption framework will ensure that protocols are in place that will:

- ◇ encourage prevention;
- ◇ promote detection; and
- ◇ identify a clear pathway for investigation.

Fraud is defined as:

The intentional distortion of financial statements or other records by persons internal or external to which is 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.

The Council's expectation on propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) that it comes into contact with, will act with integrity and without thought or actions involving fraud or corruption.

The Council's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

- ◇ Culture (Section 2)
- ◇ Prevention (Section 3)
- ◇ Detection and Investigation (Section 4)
- ◇ Training (Section 5)

The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:

- ◇ Local Government Ombudsman
- ◇ External Auditor
- ◇ Audit Commission
- ◇ The Public/Council Tax Payers - Annual Inspection of the Accounts
- ◇ The Public/Service Users - through the Council's Complaints Procedures
- ◇ Central Government Departments and Parliamentary Committees
- ◇ HM Revenues and Customs

Also, as part of the External Auditor's statutory duties he/she is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

2. CULTURE

The Council is committed to ensuring that a culture of openness, honesty and integrity is encouraged.

There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will also act with integrity and that Council staff and Members, at all levels, will lead by example.

The Council's staff are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues. This they can do in the knowledge that such concerns will be treated in confidence, properly investigated and fairly dealt with. If necessary a route, other than a normal line manager, may be used to raise such concerns. Examples of such routes are:

- ◇ Chief Executive
- ◇ Corporate Directors
- ◇ Audit Manager
- ◇ Heads of Service
- ◇ External Auditors

Members of the public are also encouraged to report concerns through any of the above routes or through the Council's Complaints Procedure.

Senior Management are responsible for following up any allegation of fraud or corruption that is received.

The investigating officer will:

- ◇ Deal promptly with the matter.
- ◇ Record all evidence received.
- ◇ Ensure that evidence is sound and adequately supported.
- ◇ Ensure security of all evidence collected.
- ◇ Contact other agencies eg Police if considered appropriate.
- ◇ If appropriate arrange notification of the Council's insurers.
- ◇ If appropriate arrange implementation of the Council's disciplinary procedures.

Senior management are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt.

There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

3. PREVENTION

Staff

The Council recognises that a key preventative measure in the prevention and detection of fraud and corruption is to take effective steps at the recruitment stage. The Council will establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity.

Staff recruitment must therefore, to be in accordance with procedures laid down in the Council's recruitment policies. In particular, written references regarding honesty and integrity of potential staff shall be obtained before employment offers are made for permanent post holders and temporary post holders that would have contact with vulnerable individuals within the community.

Council Staff are expected to follow any Code of Conduct related to their own Professional Institute and also to abide by the Council's Code of Conduct. This sets out the Council's requirement on Personal Conduct, this Code forms part of the Council's Staff Handbook and is available on the Council's Intranet.

The Council has in place Disciplinary Procedures.

The role that appropriate staff are expected to play in the Council's framework of internal control will feature in staff induction and re-induction procedures.

The attention of Senior Management should arise where individuals do not regularly take annual leave or for example, through sickness/vacancy levels, recognised checking mechanisms break down.

Staff are reminded under the Council's Standing Orders that they must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the Council and the non-acceptance of fees and rewards other than proper remuneration.

Members

Members are required to operate within:

- ◇ Council Standing Orders.
- ◇ Member Code of Conduct
- ◇ The Local Government Act 2000
- ◇ Local Authorities Members' Interest Regulations 1992 (SI.618).
- ◇ The Protocol on Member/Officer Relations

Internal Control Systems

The Council has Standing Orders and Financial Procedure Rules in place that require staff, when dealing with the Council's affairs, to act in accordance with best practice.

The Head of Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has developed, Financial Codes of Practice and Accounting Instructions which outline the system, procedures and

responsibilities of staff in relation to the Council's financial activities. These are widely distributed to staff throughout the Council.

The Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls. These include adequate separation of duties to ensure that error or impropriety is prevented. Heads of Service must ensure that such controls including those in a computerised environment are properly maintained and are effective. Their existence, appropriateness, and effectiveness is independently monitored by the Council's Internal Audit Service.

Combining with Others

Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity in relation to Local Authorities.

These include:

- ◇ Police.
- ◇ Hampshire and Isle of Wight Audit Alliance
- ◇ Hampshire and Isle of Wight Chief Financial Officers Group
- ◇ Audit Commission.
- ◇ The Benefits Agency.
- ◇ National Anti Fraud Network

4. DETECTION AND INVESTIGATION

An array of preventative systems, particularly internal control systems have been designed to prevent and detect fraudulent activity.

It is often the alertness of staff, Members and the public to indicators of fraud and corruption that enables detection to occur and for the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

Despite the best efforts of managers and auditors, many frauds are discovered by chance or "tip-off" and the Council has in place arrangements to enable such information to be properly dealt with.

Staff of the Council are required to report all suspected irregularities to their line manager or in accordance with Section 2. Reporting is essential to the effectiveness of The Anti-Fraud and Corruption Policy and:

- ◇ Ensures the consistent treatment of information regarding fraud and corruption.
- ◇ Facilitates proper investigation by an suitably experienced officers.
- ◇ Ensures the proper implementation of a fraud response investigation plan.
- ◇ Best protects the Council's interests.

Depending on the nature and anticipated extent of the allegations, the investigating officer will work closely with management and other agencies such as the Police to ensure that all allegations and evidence is properly investigated and reported upon, and maximum recoveries made for the Council.

The Council's Disciplinary Procedures will be used where the outcome of the Investigation indicates improper behaviour.

The Council will normally wish the Police to be made aware of and to prosecute offenders where financial impropriety is discovered.

Where a member of staff is to be interviewed, the investigating officer will consult and take advice from the HR Manager, who will advise those involved in the investigation in matters of employment law and other procedural matters such as the Council's Disciplinary Procedure.

During an investigation, under no circumstances should a member of staff speak to or write to representatives of the press, TV or radio or any other third part about a suspected fraud, without the express authority of the Chief Executive.

5. TRAINING

The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.

To facilitate this, the Council supports the concept of induction and re-induction training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

6. CONCLUSION

The Council has in place a clear network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or responsibilities.

To this end, the Council maintains a continuous overview of such arrangements and, in particular, its Financial Procedure Rules, Procedures Manual, Codes of Financial Practice, Accounting Instructions and audit arrangements.

This Policy will be subject to review bi-annually.

Reviewed by Leadership Team July 2008