

Eden District Council
Accounts and Governance Committee

26 September 2019

Annual Review of the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan

Portfolio:	None
Report from:	Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 The report undertakes the annual review to the Council's existing Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

2 Recommendation

Members approve the updated draft Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

3 Report Details

- 3.1 It is good practice that the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary. This is an important element within the Council's corporate governance arrangements. It is appropriate that Members approve each annual update, as this Committee is responsible for anti-fraud arrangements.
- 3.2 Appendix 1 contains the updated strategy. The main amendments have been:
- To change job titles so that these refer to new posts established under the fit for purpose senior management review;
 - To align the comments in section 2.4 about internal audit of key financial systems, following the recent CIPFA review of internal audit the internal audit plan going forward may look at the finance systems less frequently given the level of audit findings; and
 - Removal of reference to GCSX government email accounts in section 3.2.7. This system is no longer used by central government.

The main substance of the strategy and response plan has not changed.

- 3.3 The Annual Fraud Report 2018/19 is elsewhere on the agenda.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Decent Homes for All;
 - Strong Economy, Rich Environment;
 - Thriving Communities; and
 - Quality Council
- 4.3 This report meets the Quality Council corporate priority.
- 4.2 Whilst the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan is not one of the identified elements of the budgetary and policy framework, it is an element within the Council's Annual Governance Statement, which is an element of that framework.

5 Consultation

5.1 There has been no consultation with Ward Councillors or Portfolio Holders.

6 Implications

6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.

6.1.2 There are no proposals in this report that would reduce or increase resources. However, effective anti-fraud procedures are an important safeguard against financial loss.

6.2 Legal

6.2.1 The proposals within this report assist the Council in achieving the requirements of the Accounts and Audit Regulations 2015.

6.3 Human Resources

6.3.1 There are no Human Resources implications.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	No implications
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

6.5 Risk Management

Risk	Consequence	Controls Required
Possible fraud, theft and corruption	Financial loss	Up-to-date policy in place

7 Other Options Considered

7.1 None.

8 Reasons for the Decision/Recommendation

8.1 This is an important element within the Council's corporate governance arrangements. It is therefore appropriate that Members approve each annual update.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	13 September 2019
Monitoring Officer (or Deputy)	13 September 2019
Director	13 September 2019

Background Papers: CIPFA Counter-Fraud Strategy

Appendices: Appendix 1: Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan 2019

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Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan 2019

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Traditional Chinese

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Polish

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Urdu

اس دستاویز میں موجود معلومات کا خلاصہ درخواست پر مختلف زبانوں یا فارمیٹس میں دستیاب ہے۔ ایڈن ڈسٹرکٹ کونسل کے مواصلاتی آفیسر سے رابطہ کریں، ٹیلی فون: ، یا ای میل: communication@eden.gov.uk 01768 817817

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Section 1 - Introduction

1.1 The Strategy

The District Council has drawn up an Anti-Fraud, Theft, Bribery and Corruption Strategy to set out its overall policy in respect of fraud, theft, bribery and corruption. This clearly shows that the Council is committed to preventing and detecting fraud, theft, bribery and corruption and, where necessary, pursuing allegations of such activity. It also outlines the Council's commitment to creating an anti-fraud and anti-bribery culture and maintaining high ethical standards.

The Strategy sets out the Council's response to the Bribery Act 2010. The Council, through its Members and officers, is committed to carrying out its activities and functions fairly, honestly and openly. The Council has, and will have, a "zero tolerance" of fraud, bribery, corruption, theft, or any criminal actions. The Accounts and Governance Committee approves this Strategy.

The Strategy complies with CIPFA's (Chartered Institute of Finance and Accountancy) code of practice on managing the risk of fraud and corruption.

1.2 Why an Anti-Fraud, Theft, Bribery and Corruption Strategy and Related Procedures Are Needed

Whilst the primary responsibility for maintaining sound arrangements to prevent and detect theft, fraud, bribery and corruption rests with management, it is important that all staff and Members know:

- how to prevent and deter theft, fraud, bribery or corruption;
- how to look for the signs of theft, fraud, bribery or corruption; and
- what to do if they suspect theft, fraud, bribery or corruption is taking place.

It is important that staff and Members do not try to handle the problem themselves, without expert advice and assistance. A badly managed investigation, or improper interference, will prejudice any potential or prospective Police prosecution, so there are a number of procedures to follow.

A commercial organisation can be liable for failing to prevent bribery. This offence arises under Section 7 of the Bribery Act. Commercial organisations should ensure that proper procedures are in place to prevent bribery, insofar as this is practicable. The Council, for its part, will comply with the guidance issued by the Ministry of Justice to secure effective and appropriate procedures to prevent bribery through its activities and those of associated people or bodies.

1.3 Definition of Theft, Fraud, Bribery and Corruption

Theft is "dishonestly appropriating property belonging to another, with the intention of permanently depriving them".

Fraud is "the intentional distortion of financial statements or other records by persons internal or external to the Council, which is carried out to conceal the misappropriation of assets, or otherwise for gain".

These records can include orders, invoices, travel claims, timesheets, flexitime variation sheets, holiday entitlement records, petty cash vouchers, or claims from independent contractors. It may also cover a number of other acts, such as failure to disclose information, or abuse of position.

Bribery is the offering, promising, or giving of a financial or other advantage to a person with the intention of bringing about another's improper performance of an activity, or rewarding such improper performance. Bribery can arise where the acceptance of an advantage, in the knowledge that it is offered, promised or given, constitutes an improper performance of an activity.

Corruption is "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Council, its Members, or staff". It also includes using personal relationships to influence actions.

This Strategy provides information to all staff that may come across behaviour that they think may be fraudulent or corrupt

1.4 Governance

The Accounts and Governance Committee carry out the governance role. The Accounts and Governance Committee ensure there is an appropriate system of internal control to minimise the Council's exposure to theft, fraud, bribery or corruption. It reviews and approves the annual update of this Strategy and Response Plan. It also considers the annual fraud report.

Senior Leadership Team considers this Strategy as part of the annual update. In so doing, it acknowledges its responsibility for ensuring that the Council has strong and robust anti-fraud arrangements in place.

Section 2 - Prevention and Deterrence of Theft, Fraud, Bribery and Corruption

2.1 Role of Staff

The Council's Staff Code of Conduct and Anti-Fraud, Theft, Bribery and Corruption Strategy both require all staff to report any suspicions of theft, fraud, bribery or corruption, to enable a proper investigation into the circumstances to be undertaken. If a member of staff does not feel comfortable speaking to his/her line manager, he/she should contact the Assistant Director Finance, the Senior Auditor or, where it relates to Benefits or Council Tax Reduction, the Head of Revenues and Benefits. Alternatively, if a member of staff is concerned about the behaviour of another member of staff, he/she may prefer to contact the Monitoring Officer (Assistant Director of Governance), or the Head of Policy and Human Resources who will then involve the Assistant Director Finance, or the Senior Auditor, if theft, fraud, bribery or corruption is a possibility. The Council has also adopted a Confidential Reporting ('whistle-blowing') Procedure. Section 5 refers to this.

Staff can also go directly to the External Auditor, or the Police (see paragraph 4.10). However, this should only be the case in exceptional circumstances.

2.2 Role of Members

Council Members have a duty under the Council's Members' Code of Conduct and this Strategy to report any instances of improper conduct. The Strategy incorporates a list of the internal and external contacts that they may wish to refer their concerns to (see section 4.10).

2.3 Role of Managers

2.3.1 Theft and Fraud

Whilst it is impossible to create a 100% fraud-proof system, managers must ensure that the system they operate includes a reasonable number of effective controls designed to detect and prevent fraud and error. The actions and controls that managers should consider are as follows:

- documenting procedures and controls and training all staff in their use;
- ensuring all staff are familiar with the Council's Accounting and Audit Rules and Procurement Rules;
- carrying out spot checks to ensure compliance with procedures/regulations;
- ensuring separation of duties between staff (as far as possible) so that no one person is solely responsible for the initiation through to the completion of a transaction, that is, authorising a transaction, processing the transaction, collecting cash/cheques where appropriate, receiving goods/services and recording the transaction;
- assigning appropriate levels of delegation, for example, orders over a certain value to be signed by a restricted number of staff;
- rotating staff responsibilities, where possible, to avoid one person always having sole charge over a given area;
- introducing an adequate "internal check". At its simplest, this involves an independent officer checking the work/calculations/documentation prepared by the initiating officer. "Internal check" may also mean splitting the processing of a transaction between two or more officers. For example, each creditor payment is signed off by different officers for 'goods received' and 'certification'. A different officer then inputs it to generate the payment and finally a different officer sends out the remittance. Unless there is extensive collusion between staff, this will reduce the opportunity for fraud;
- ensuring expenditure is authorised prior to expenses being incurred;
- ensuring expenses/petty cash claims are supported by receipts;
- minimising cash/cheques/stock holdings. Bank cash/cheques regularly, preferably daily, depending on the value and the risk;
- reviewing budget monitoring statements, be alert to trends, for example, falling income or increasing travel expenses and follow up variances;
- ensuring staff take their proper allocation of holidays and that other staff undertake their duties in their absence. Cover arrangements should be robust; and
- regularly review processes to identify 'weak links' that may be vulnerable to fraud.

2.3.2 Bribery and Corruption

The wide range of Council services means that there are opportunities for decisions to be improperly influenced in many areas, such as the procurement and delivery of contracts, consents and licences.

Internal Regulations - Council procedures should:

- ensure Accounting and Audit Rules and Procurement Rules cover the key risk areas;
- ensure Accounting and Audit Rules and Procurement Rules are updated periodically, changes are communicated and additional training is given if necessary;
- ensure the handling of breaches of Accounting and Audit Rules and Procurement Rules are fully documented and dealt with in accordance with the Rules;
- provide all Members and staff with a copy of the relevant Code of Conduct and ask them to confirm that they understand the Code and provide training;
- keep a register for declaration of interests for both staff and Members, reviewed by senior officers on a regular basis;
- keep a register for declaration of hospitality and gifts received for both staff and Members, reviewed by senior officers on a regular basis;
- remind Members and staff of the need to declare interests and gifts/hospitality received;
- require all staff to confirm biennially that they have read and understood this Strategy; and
- every other year, undertake a mandatory training course for all staff on anti-fraud measures.

2.3.3 Contracts

- provide within the Procurement Guidance (which supports the Procurement Rules) clear, written instructions, for staff involved in letting and controlling contracts (including the position regarding tender negotiations);
- ensure adequate supervision of/separation of duties between staff letting and controlling contracts, as far as practicable;
- carry out an independent review of circumstances where particular contractors seem to be preferred;
- ensure adequate justification for, and approval of, occasions when negotiated or restricted tendering is used and that this is fully documented;
- ensure tenderers are chosen from an approved list, on a rational basis, to ensure fair competition and equal opportunity to tender;
- carry out spot checks to ensure rules relating to despatch and return of tenders are being complied with;
- ensure contracts are signed by both parties;
- ensure that appropriate provisions are included in contracts to relate to bribery and any criminal activity and their prevention which include sanctions; and
- ensure appropriate monitoring is in place relating to the performance of the service and compliance with an organisation's responsibilities under the Bribery Act.

2.3.4 Asset Disposals

- ensure there are clearly defined procedures for asset sales and that these are fully understood by all relevant Members and staff; and
- document all disposals to demonstrate that the best possible price or consideration have been obtained and/or any relevant dispensations are applicable and have been obtained.

2.3.5 Award of Planning Consents and Licences

- ensure there are written procedures covering delegated powers of Members/staff in awarding planning consents and licences;
- ensure decisions are fully documented so it can be demonstrated that decisions are made on a consistent, fair, lawful and rational basis;
- monitor decisions on planning applications, particularly where Planning Officer recommendations are not followed; and
- ensure an authorisation or approval process is in place for the grant of any consent or licence.

2.4 Role of Internal Audit

The Council's Audit Plan includes the major financial systems listed below:

- Housing Benefits;
- Council Tax;
- Council Tax Reduction Scheme;
- Business Rates;
- Payroll;
- Creditors;
- Loans and Investments;
- Main Accounting System;
- Sundry Debtors; and
- Income Collection.

Audits of the major financial systems include a review of the key controls, based on best practice checklists. Where a specific checklist does not exist, Internal Audit will review the existing internal controls in line with the issues detailed in 2.3.1 above and make recommendations where appropriate. It is not possible to specify controls that will detect the actual receipt of corrupt inducements. Reliance is placed on having adequate procedures in place, based on Accounting and Audit Rules and Procurement Rules, to limit the possibility of corrupt practices. Audit work is normally limited to testing compliance with these procedures and drawing attention to any weaknesses. Any identified weaknesses that might indicate potential fraud, theft, bribery or corruption will be further tested using in-depth substantive testing.

The Council's Senior Auditor:

- co-ordinates the Council's response to the Cabinet Office's National Fraud Initiative (see paragraph 3.2.5). In particular, it ensures the follow-up of any identified issues. However, it is ultimately the responsibility of management to ensure adequate controls and procedures are in place to prevent and detect theft or fraud, in accordance with the guidelines provided under paragraph 2.3.1 of this Strategy;
- advises the Assistant Director Finance on fraud issues; and
- provides a resource (through the provision for consultancy in the Audit Plan) to undertake fraud investigations: this resource is limited and any major fraud would require the Council to buy in additional resources.

Section 3 - Detection and Awareness

3.1 Introduction

This section aims to outline particular risk areas and to give an idea of the types of theft, fraud, bribery or corruption that may occur.

3.2 Risk Areas

3.2.1 Fraud can happen wherever staff or people outside the Council complete official documentation and have the opportunity to take financial advantage of the Council. The risk of fraud, bribery or corruption increases where staff, or outside agents, are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently, the following areas are particularly susceptible to theft, fraud, bribery or corruption:

- claims from contractors/suppliers;
- travel and expense claims;
- cash/cheque receipts;
- petty cash/floats;
- payroll;
- purchasing;
- procurement of contracts;
- delivery of services under contract, particularly where payments are, or may be, received;
- stocks and assets, particularly portable/attractive items;
- treasury management;
- housing benefits;
- Renovation Grants;
- the approval of grants generally;
- disposal of assets;
- development or sale of land;
- inspections;

- the taking of enforcement action;
- award of Consents and Licences;
- money laundering (see section 3.4 below);
- electronic fraud (see section 3.5 below); and
- Council Tax discounts, reductions and exemptions.

3.2.2 In addition, acceptance of gifts and hospitality, secondary employment and pressure selling (suppliers pressurising staff to order goods/services that are not required) can lead to corrupt practices.

3.2.3 The provision of gifts or hospitality is a significant risk area. Duty to declare these are set out in the Officer's and Member's Codes of Conduct within the constitution. A prospective recipient of any gift or hospitality should consider why they have received the offer and whether it is intended to influence a decision. Reasonable and proportionate hospitality and gifts may be acceptable and accepted.

3.2.4 Benefit payments are a particular risk area for local authorities. With the creation of the Department for Works and Pension's (DWP) Single Fraud Investigation Service the Council's Benefits Investigation Team were transferred to this new service (July 2015). The Council no longer investigates benefit fraud itself. However, it seeks to minimise any fraud by:

- passing any potential frauds to the DWP for investigation
- participating in DWP fraud initiatives
- maintaining effective controls to prevent fraud entering the benefits system

3.2.5 The Council participates in the National Fraud Initiative (NFI) run by the Cabinet Office. This matches data from a variety of sources to identify potential frauds. The exercise is co-ordinated by the Senior Auditor and all potential fraudulent payments are followed up by relevant staff.

3.2.6 Applications for employment are another risk area and, for this reason, the Council has an Employment Screening Policy. Employment screening provides some assurance that a prospective employee is trustworthy and has the necessary skills and/or experience required to perform their role. It can also act as a deterrent to dishonest individuals applying for positions within the Council in the first place. Screening checks therefore include:

- verification of the identity of the individual;
- references from previous employers;
- verification of qualifications;
- proof of right to work in the UK;
- Disclosure and Barring Service (DBS) disclosures where appropriate; and
- investigation of breaks in employment history.

3.2.7 With effect from 1 April 2010, the Council incorporates Baseline Personnel Security Standards (BPSS) into the employment screening process to ensure compliance with the standards required to access relevant government data sources.

3.3 Signs of Fraud, Bribery, or Corruption

3.3.1 Fraud involves the falsification of records. Managers need to be aware of the possibility of fraud when reviewing claims/forms/ documentation for authorisation. Issues which should give rise to suspicion are:

- documents that have been altered using different pens or different handwriting;
- claims that cannot be checked because supporting documentation is inadequate (for example, no vouchers/receipts);
- strange trends (in value, volume, or type of claim);
- illegible text/missing details;
- delays in documentation completion or submission;
- use of numerous cost centres to code expenditure (to avoid showing a large variation on one particular budget);
- large payments where no VAT number is quoted;
- invoices that quote a P O Box number, rather than a specific address; and
- lack of authorisation for computer input/no supporting documentation.

3.3.2 Indicators that a member of staff may be acting corruptly or fraudulently are:

- apparently living beyond their means;
- under financial pressure;
- exhibiting signs of stress or behaviour not in keeping with their usual conduct;
- not taking annual leave;
- refusing to allow another member of staff to be involved in their duties;
- attracting complaints from members of the public;
- having private discussions with contractors;
- unusual work patterns, for example, always be the first in the office or the last to leave;
- irregular behaviour; and
- over-familiarity with contractors or suppliers.

3.3.3 Suspicions of bribery and corruption may come from outside the normal course of work. Sources should be followed up promptly and with due discretion and tact and reported to the appropriate director.

3.4 Money Laundering

Money laundering is the practice whereby criminals attempt to 'clean' the proceeds of criminal activity by passing it through a legitimate institution. The Proceeds of Crime Act 2002 imposes an obligation on a variety of organisations, including local authorities, to report any incident that lead them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity.

The Council does not have a statutory obligation to comply with the Money Laundering Regulations 2007. It is good practice to adopt policies and procedures that meet the key elements of the regulations.

The Council's Anti-Money Laundering Officer is the Assistant Director Finance. In the event of a major transaction being identified that could involve money laundering, the Assistant Director Finance or the Senior Auditor, should be contacted for advice on how to proceed.

Almost all the major cash transactions of the Council occur as part of its Treasury Management operations, whereby the Council lends, and is repaid, large sums. The Council's Treasury Management Policy Statement deals with this. Any attempt to launder cash will tend to involve larger sums of money. The only other area where large sums of money are received is the sale of assets. The Council can take confidence from the following:

- (a) the Legal Services Section will deal with the sale and will confirm the identity of the payee during the course of the process of sale;
- (b) receipts will normally be taken through BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their client; and
- (c) most customers will be long-standing tenants or known businesses.

Staff who receive cash as part of their job should be vigilant for any unusual transactions that might indicate that an attempt is being made to launder money. Report any suspicions immediately to the Assistant Director Finance.

As an additional safeguard, receipts of notes, coins, or travellers' cheques will not be accepted over £5,000 for any one transaction.

3.5 Electronic Fraud

Electronic fraud is a growing area. It may take a number of forms:

- external hacking into systems and accessing bank details - a specialist company is commissioned to test the vulnerability of the Council's IT network from external attack; and
- identity theft of Council staff - this is particularly important where staff have access to a Council credit card, or hold passwords required to access bank details. Staff are periodically reminded about basic safeguards to help prevent identity theft.

The Council meets the Public Sector Network requirements. This ensures secure communication with other public sector bodies. As part of this:

- the Council has a designated Security Officer. The role is undertaken by the Infrastructure Manager within the shared IT service; and
- a third party is commissioned to test the ability of the network to withstand hacking.

3.6 Annual Fraud Report

The Accounts and Governance Committee receive an annual report on the Council's anti-fraud activities and any instances of fraud are considered. This includes the requirements of the Transparency Code.

Section 4 - Theft, Fraud, Bribery and Corruption Response Plan

4.1 Introduction

This section sets out the responsibilities of staff and Members and actions to be taken in cases where theft, fraud, bribery or corruption is suspected within the Council.

The following procedure is where fraud, theft, bribery and corruption are the predominant feature of a particular case. There will be other cases where minor fraud is a subsidiary element of a broader case. In such a case, it may be appropriate for the lead officer to be a senior officer, other than the Senior Auditor. However, the Assistant Director Finance should still be informed of any fraud as soon as it is discovered.

4.2 Suspicion of Theft, Fraud, Bribery or Corruption

4.2.1 All financial irregularities should be reported immediately to the Assistant Director Finance. Where actions are thought to be deliberate, the possibility of theft, fraud, bribery or corruption should be considered.

Cases of theft, fraud, bribery and corruption often come to light in the following ways:

- management follow-up in areas where there is evidence of controls not being applied;
- outline system checks; and
- tip-offs from a third party.

Initial reports should be treated with discretion and caution, as apparently suspicious circumstances may turn out to have a reasonable explanation, or could be malicious.

Where suspicions are aroused during audit reviews, the details should be immediately brought to the attention of the Assistant Director Finance. Consideration should then be given to consulting the Police, depending on the scale of the incident, at the discretion of the Assistant Director Finance. Ordinarily, where criminal conduct is suspected reasonably and properly, the Police should be contacted.

The Assistant Director Finance will consult with the Chief Executive and/or the Director of Corporate Services whenever criminal activity is suspected, so that due consideration can be given to involving the Police, or any other enforcement body. All cases must be treated with discretion. Relevant personnel will be informed of any suspected criminal activity strictly on a 'need to know' basis.

Initial interviews of those suspected of theft, fraud, bribery or corruption should be undertaken by the Senior Auditor and the Assistant Director Finance. As soon as it becomes clear that a criminal activity is taking place and a prosecution may be pursued, the Police should be contacted. In such a case, any interview is best conducted by the Police.

4.3 Commercial Organisations and Bribery

Any commercial organisation will be liable to prosecution if a person associated with it bribes another. It is a defence for that organisation to show that it has adequate procedures in place to prevent bribery.

The Council, for its part, should ensure that its procedures are sufficient to prevent bribery and corruption insofar as this is practicable. It can require, reasonably, that those commercial organisations with which its contracts are aware of its anti-bribery stance and have appropriate procedures in place themselves. Any contractor which performs services or functions on behalf of, or for, the Council will be associated with it. The Council's reputation may be damaged by the actions and activities of a third party with whom it is, or has been, associated. It is in the Council's interests to seek to ensure that the commercial organisations with which it contracts have effective procedures in place to prevent bribery. The Council, and any public authority, can be expected to have, and to practice, high ethical standards of behaviour.

The Council's Executive and Corporate Leadership Team are committed to a zero tolerance of bribery in any form. The Council is committed to openness, transparency and ethical practices in the conduct of its activities. The Council is committed to good and effective governance.

4.4 Review and Monitoring in Relation to Bribery

The Council will regularly review the procedures it has in place generally, and specifically, to prevent bribery from occurring. The risks of bribery which the Council faces will be reviewed annually in the monitoring of the Strategy. The risks and their assessment will be overseen by the Corporate Leadership Team as guided by the Director of Corporate Services who is the strategic lead on anti-fraud. Members and officers are required to be aware and appropriately trained. The Council's policies and procedures need to be known and understood.

The Council will undertake due diligence enquiries in its application of its procedures and assessments to ensure proper and justifiable decisions are made.

The Council does, and will, undertake training on a regular basis for its staff and Members on ethical behaviour, the codes of conduct and the relevant procedures and practices. This Strategy will be made known and be accessible, readily, for staff and Members. The commercial organisations which perform the main contracted services for and on behalf of the Council will receive a copy of this Strategy so that they are fully aware of the Council's stance and expectations.

4.5 Responsibilities of the Assistant Director Finance

As soon as possible, and where appropriate, the Assistant Director Finance should:

- appoint a member of staff to lead the investigation (the Lead Officer), normally the Senior Auditor. If it appears that, prima facie, the Police may ultimately be involved, an informal discussion with the Police may be appropriate;
- inform other managers, for example, the Chief Executive, the Monitoring Officer; and
- inform external audit.

The preliminary findings of the Lead Officer should then be reviewed and a decision made whether to:

- discontinue the investigation;
- continue with a full investigation; and
- involve the Police and/or external audit.

If the Lead Officer is to continue with the investigation, the Assistant Director Finance should:

- agree the objectives and terms of the investigation, as proposed by the Lead Officer;
- agree the resources that are necessary for the investigation, as recommended by the Lead Officer;
- inform the Chief Executive;
- manage any public relation issues that may arise and liaise with the Lead Officer throughout the investigation;
- liaise with the Monitoring Officer and the Assistant Director Organisational Development in considering whether disciplinary processes and actions should be instituted and/or action taken under any contract; and
- report the outcome to the Chief Executive.

4.6 Responsibilities of the Lead Officer

The Lead Officer will organise the investigation on behalf of the Assistant Director Finance and keep him/her informed of significant events. In some circumstances the Lead Officer will be the Assistant Director Finance.

If suspicions are confirmed by an initial consideration of the facts, the Lead Officer will set up a full investigation by:

- agreeing terms of reference, scope, key issues and target dates; and
- identifying staff needs and likely cost.

The Lead Officer will be the point of contact for liaison with the Police, external audit, and so on. He/she should ensure there is consideration of whether, or not, the Regulation of Investigatory Powers Act applies to any aspect of the investigation.

The Lead Officer will report progress to the Assistant Director Finance and recommend action (internal disciplinary action or prosecution).

The Lead Officer will arrange any necessary recovery action.

The Lead Officer will prepare a summary note identifying system weaknesses and lessons to be learnt, together with an action plan specifying officers responsible and completion dates.

It is important that all documentation and articles are collated at an early stage.

Advice can be obtained from Cumbria Constabulary (see paragraph 4.10). Guidelines are set out in the CIPFA booklet: '*The Investigation of Fraud in the Public Sector*'. Key points include:

- prime documents should be removed to a safe place, with copies being used for working purposes (in order to maintain secrecy, batches of documents, as opposed to individual items, should be removed);
- working papers should be dated, initialled and set out in such a way that a lay person could understand them and they could be presented in Court;
- observation of activities should be undertaken by two members of staff, in accordance with the Regulation of Investigatory Powers Act; and

- interviewing must observe the Police and Criminal Evidence Act requirements and is best done by the Police.

4.7 Responsibilities of the Chief Officer

In conjunction with the relevant Assistant Director, the Chief Officer will make any necessary arrangements:

- for the member of staff under suspicion to be suspended, if required, pending the investigation and provide alternative staff cover;
- to secure any documents, equipment, or premises that could be interfered with; and
- to arrange to have documents available for scrutiny.

4.8 Responsibilities of the Head of Policy and Human Resources

If staff are involved:

- advise on personnel and procedural issues in relation to:
 - ▷ investigations;
 - ▷ suspension;
 - ▷ disciplinary proceedings; and
 - ▷ dismissal;
- advise managers on the wording of future references, file notes and personal file details.

4.9 Action to be Taken by Staff on the Discovery of a Potential Offence

On discovering or suspecting theft, fraud, bribery or corruption, it is essential that staff inform the Assistant Director Finance, the Monitoring Officer, or the Senior Auditor immediately. If this is not practicable, an Assistant Director should be informed. Out of office hours, the Chief Officer must use discretion as to whether to inform the Police. This is particularly relevant in cases of theft, where a delay in reporting to the Police may be undesirable.

Confidentiality will be respected and anonymous 'tip-offs' will be assessed and followed up where appropriate. It is in the interest of staff to report suspicions. Full details should be made available, though any actions should not arouse the suspicions of those who may be involved. The Council's Confidential Reporting Code gives full details of how confidentiality is dealt with and how those with concerns can report outside the Council if they wish.

During an investigation, details should not be discussed with anyone other than members of the Investigation Team, as this may jeopardise the successful outcome.

Media attention should be directed to the Assistant Director Finance, who will liaise with the officers responsible for communications and the Police as appropriate. Once a potential offence is suspected to have been committed, a decision will require to be taken on whether, and when, to involve the Police, or any investigation agency. This decision will be taken with the relevant Chief Officer, in consultation with the Chief Executive, the Assistant Director Finance, and any appropriate Member. The decision should be taken promptly. Care should be taken not to affect any prospective Police investigation. Account should be taken of the seriousness of the offence, its nature, effect and impact in deciding whether to call the Police. If Police intervention is thought necessary, or likely, they should be informed at the earliest possible stage. Advice should be sought from the Police, or the Monitoring Officer, if necessary. Contact should be maintained by the Investigation Officer until any investigation has been concluded.

4.10 Contact Telephone Numbers

Internal

Assistant Director Finance	Ext 2209
Monitoring Officer (Director of Corporate Services)	Ext 2237
Head of Policy and HR	Ext 2243
Senior Auditor	Ext 2227

External

Cumbria Police	101 (ask for the Fraud Squad)
External Audit: Grant Thornton	0161 953 69004

11 Prosecution Policy

It is Council policy that any apparent criminal activity committed against the Council will be referred to the Police, or other appropriate enforcement agency. In appropriate cases, the Council will also use civil procedures to recover any losses it has incurred.

Section 5 - Council Guidelines

5.1 List of Guidelines

The Council has various guidelines which are designed to give a framework for internal control and to ensure that sound systems are in place. It is important that all Members and staff are aware of the content of these guidelines. The most important documents in respect of anti-fraud and corruption are:

Accounting and Audit Rules	Procurement, Tendering and Contracts
Procurement Rules	Procurement, Tendering and Contracts
Code of Conduct for Members	Constitution (Part 5: Codes and Protocols)
Code of Conduct for Officers	Constitution (Part 5: Codes and Protocols)
Confidential Reporting Procedure	Council Policy and Strategy Documents Confidential Reporting Code
Planning Code of Conduct	Constitution (Part 5: Codes and Protocols)
Bribery Act 2010 Guidance	Bribery Act Guidance

Section 6 - Annual Update

6.1 The monitoring and review of the Strategy will normally be undertaken annually. However, it may be updated in response to any stimuli, such as an external report, or an incident of fraud, theft, corruption, or bribery. The review will take account of any guidance and revisions to the guidance on bribery. The Assistant Director Finance is responsible for its update. It will be approved by the Accounts and Governance Committee.

6.2 In drafting the amended version the Assistant Director Finance will consult:

Senior Managers

Internal Audit

External Audit

Financial Services

Key staff on housing benefits, property sales and cash collection.

6.3 The final version will be posted on the Corporate and Members' Bulletin Boards and made available on the Fraud page of the Corporate Centre section of SharePoint.

6.4 The Council's major contractors will be made aware of this Strategy.

If staff have any queries on the content of these guidelines, please contact the Assistant Director Finance.

Updated September 2019