

# Anti-Fraud and Corruption Strategy - Policy Statement

## 1.0 Introduction

West Sussex County Council is one of the largest organisations in the county, with assets, interests and annual transactions running into £ billions.

In discharging its responsibilities, the Council wishes to discourage fraud and corruption, whether this is attempted by internal or external sources, and is committed to an effective Anti-Fraud and Corruption Strategy designed to:

- Encourage prevention;
- Promote detection; and
- Identify a clear pathway for investigation.

The Council's expectation on propriety and accountability is that members and staff at all levels will observe the highest standards in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, will act with integrity and without intent to commit fraud and corruption against the Council.

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 3.0)
- Prevention (Section 4.0)
- Detection and Investigation (Section 5.0)
- Training (Section 6.0)

The Council has separate policies covering anti money laundering and anti-bribery as well as a fraud response plan to accompany this strategy. The response plan provides guidance on the action to be taken when a fraud is suspected or discovered.

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 Audit and Inspection;

- The public/council taxpayers - Annual Inspection of the Accounts and Freedom of Information requests;
- The public/service users - through the Council's Complaints Procedures;
- Central government departments and Parliamentary Committees;
- HM Revenue and Customs;
- External Inspectorate (Fire, Social Care, Schools)

There is a requirement as part of the External Auditor's statutory duties to ensure that the County Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

## 2.0 Definitions

This Strategy covers all irregularities, including theft, fraud and corruption.

- Theft - is 'the dishonest taking of property belonging to another with the intention of permanently depriving the owner of it'.
- Fraud - is 'the dishonest use of deception or the falsification of accounts to obtain money, property or a financial benefit or otherwise for gain'.
- Corruption - is 'the unlawful offering, giving, soliciting or accepting of an inducement, reward or advantage so as to influence the action of a public body or a business'.

## 3.0 Culture

West Sussex County Council is determined that the culture and tone of the organisation is one of honesty, openness and absolute opposition to fraud and corruption.

All individuals and organisations associated with the Council are expected to act with integrity. Council members and staff, at all levels, will lead by example in these matters.

The Council's members, employees and other stakeholders are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Protection is afforded to individuals through the County's Confidential Reporting Policy which is available on the County Council's intranet. If necessary, a route other than that via a line manager may be used to raise such concerns. Examples of such routes are:

- Internal Audit - Fraud Hotline - 0330 2228666;  
[fraudhotline@westsussex.gov.uk](mailto:fraudhotline@westsussex.gov.uk)
- The Director of Finance, Performance and Procurement or Monitoring Officer (Director of Law and Assurance);
- Confidential Reporting Contact Officer;
- Executive Directors/Directors/Heads of Unit.

Members of the public are also encouraged to report concerns through any of the above routes, or if appropriate, through the County Council's Complaints Procedure. There is a well-established framework of investigation and enforcement with reference to all types of misconduct by staff, elected member or third party. Where such misconduct involves or may involve financial impropriety, Internal Audit has

an important role, although the Police, External Auditor and other external agencies may need to be involved.

Managers are responsible for following up any allegation of fraud or corruption received by contacting Internal Audit who will:

- Deal promptly with the matter
- Discuss and advise upon the appropriate course of action

Subsequent investigation work may be carried out by Internal Audit, or by agreement, managers may complete this work whilst maintaining liaison with Internal Audit and the HR Business Partnering Team. In either case, the party carrying out the investigation will act in accordance with the County Council's procedures and relevant statutory provisions and will:

- Record all evidence received;
- Ensure that evidence is sound and adequately supported and kept secure;
- Complete the investigation and report findings/recommendations in liaison with the HR Business Partnering team, to the Director of Finance, Performance and Procurement, Monitoring Officer (including the Litigation, Insurance and Risk Manager), and relevant Executive Director;
- Assist management to implement the Council's disciplinary procedures where appropriate; and
- Liaise with the Police and other agencies as appropriate.

Managers are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt. The Council, including members, should be considered robust in dealing with financial malpractice.

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 will be dealt with as a serious matter which may result in disciplinary action.

## **4.0 Prevention**

### **4.1 Employees**

The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.

Employee recruitment is required, therefore, to be in accordance with procedures laid down by the County Council and promulgated by Human Resources and, in particular, to obtain at least two written references regarding known honesty and integrity of potential staff and also to verify qualifications held before unconditional employment offers are made. Equivalent checks will be made through employment agencies where appropriate.

Employees are expected to follow any code of conduct related to their personal professional institute and also abide by the Council's Standards of Conduct which is referred to in all employees' contracts of employment and can be accessed via the

Point.

The Council has in place a Disciplinary Procedure for all categories of its employees which includes a robust investigation procedure.

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

Employees are reminded that under the Council's Standing Orders they must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the County Council or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration. All employees must declare acceptance of any gifts and hospitality on the corporate register. These requirements as well as guidance on bequests and hospitality are set out in the Council's Guidance on Employee Conduct and Propriety which can be accessed via the HR Zone on the Point. The requirements are also set out in the Council's Anti Bribery Policy and Procedures.

#### **4.2 Standards for Members regarding Financial Propriety**

Members are required to operate within:

- The Council's Code of Conduct
- Sections 30 to 32 of the Localism Act 2012
- The Council's Constitution - Part 5 in particular

These matters and other guidance are specifically brought to the attention of members at the induction course for new members and are in the Members' Guide. Included are rules on the declaration and registration of gifts and hospitality with the Director of Law and Assurance as well as personal interests or potential areas of conflict between their Council duties and responsibilities and any other areas of their personal or professional lives.

#### **4.3 Contractors, Suppliers and Service Providers**

The County Council expects that:

- Individuals and organisations (e.g. suppliers, contractors) will act towards the Council with integrity and without thought or actions involving fraud and corruption;
- Contractors will be able to demonstrate that they have adequate systems of control to ensure the prevention and detection of fraud and corruption in relation to services provided on behalf of the Council;
- All organisations and individuals report any concerns they have through the Fraud Hotline, Confidential Reporting Policy (whistleblowing) or Complaints Procedure.

The County Council will, wherever appropriate, depending on the nature, value, sensitivity or integrated delivery model of a contract, seek to make it a condition of the contract that:

- (a) the contractor and the contractor's representatives shall familiarise themselves with the Council's Standing Orders on Procurement and Contracts, the

Council's Anti-fraud and Corruption Strategy (both as may be in place from time to time), the Council's Confidential Reporting Policy, and the Council's dedicated whistle-blowing and fraud reporting hotline, and

- (b) if any of the contractor's representatives makes a protected disclosure (as defined by relevant law) that representative shall not for that reason be subjected to any detriment or disadvantage by the contractor.

#### **4.4 Responsibilities of Partnerships and Voluntary Organisations**

All partnerships and joint working arrangements that are in receipt of Council funding or resources are expected to demonstrate appropriate mechanisms for control which ensure the prevention and detection of fraud and corruption.

Voluntary organisations should be expected to follow the standards set by the Council, including the need to report any concerns over possible fraud and corruption in relation to activities connected with the County Council or involving Council funds.

#### **4.5 Internal Control System for Financial Administration**

The Council has Standing Orders on Procurement and Contracts, Financial Regulations and Financial Procedures in place that require staff, when dealing with the Council's affairs, to act in accordance with relevant statutory provisions and best practice.

The Director of Finance, Performance and Procurement has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs. The Director of Finance, Performance and Procurement has developed systems of control, which underpin Financial Regulations and Financial Procedures, and outline the system, procedures and responsibilities of staff in relation to the Council's financial activity. The Director of Finance, Performance and Procurement also maintains a Head of Profession role within the Council and through these exercises, amongst other things, a quality control on financial administration.

The Council has developed and is committed to continuing with systems and procedures, which incorporate efficient and effective internal controls; this includes adequate separation of duties to ensure that error or impropriety is prevented. Under Financial Regulations it is required that Executive Directors/Directors/Heads of Unit comply with the Director of Finance, Performance and Procurement's recommendations regarding the operation of financial procedures. Standing Orders require every contract to include an anti-corruption clause in a prescribed format.

The Council deploys a number of safeguards at different levels to minimise the risks of identity theft, IT fraud and theft from electronic systems. Access controls to the data network and financial systems are password protected.

External exposure to IT fraud and theft via electronic systems is prevented by the deployment of firewall technology, the use of encryption techniques and the separation of access controls.

There is a requirement for all staff to undertake data security training to safeguard data and reduce the risk of data loss to fraud and error.

The existence, appropriateness and effectiveness of these internal controls are independently monitored by the Council's Internal Audit service. Additionally, the Council's Annual Governance Statement induces a review of the effectiveness of controls.

Under section 5 of the Local Government and Housing Act 1989 the Council has to appoint a Monitoring Officer. In West Sussex this is the Director of Law and Assurance. The Principal Solicitor (People Services) acts as the Deputy Monitoring Officer.

It is the duty of the Monitoring Officer to report potential or actual illegality. Any type of fraud and corruption is illegal and, therefore, the Monitoring Officer will have a key role with the Section 151 officer in uncovering and dealing with fraud and corruption.

The Monitoring Officer and his Deputy may always be approached to discuss concerns.

#### **4.6 Working 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. The Council participates in the National Fraud Initiative through the sharing and matching of mandated data with other public agencies.

With the rapid increase in recent years of frauds perpetrated against a variety of local authorities and benefits agencies, which usually include fraudsters having multi-identities and addresses, the necessity to liaise between organisations has become paramount, and some of these include:

- Police;
- Other local authorities;
- Society of County Treasurers;
- Heads of Audit Networks;
- National Anti-fraud Network (NAFN);
- South East Counter Fraud Hub
- Appointed external auditors;
- Other outside agencies.

#### **5.0 Detection and Investigation**

All Heads of Services and other managers must aim to prevent and detect fraud and corruption. This is achieved by maintaining good control systems with the organisation, and ensuring people work within them. All managers should assess the risk of fraud in their areas and take active steps to mitigate these risks.

The preventative systems, particularly internal control systems within the Council, have been designed to provide indicators of, and help to deter, any fraudulent activity.

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

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. These are shown within this Strategy in Section 3.0.

Employees of the Council are required by its Financial Regulations and Procedures to report all suspected irregularities to their Executive Director, who should then immediately inform the Director of Finance, Performance and Procurement. In practice, for this purpose, the Head of Internal Audit represents the Director of Finance, Performance and Procurement. Reporting is essential to the Anti-Fraud and Corruption Strategy and ensures:

- Consistent treatment of information regarding fraud and corruption
- Proper investigation by an independent and experienced audit team where appropriate
- The proper implementation of a fraud response investigation plan
- The optimum protection of the County Council's interests
- The extent of the County Council's exposure to fraud can be measured and monitored.

Depending on the nature and the anticipated extent of the allegations, Internal Audit will normally work closely with managers, HR professionals and other agencies, such as the police, to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

Any information passed on to Internal Audit will be dealt with confidentially and fairly. When total anonymity cannot be absolutely guaranteed, every endeavour will be made not to reveal the names of those who pass on information and to inform such persons when anonymity cannot be maintained.

Managers in conjunction with advice from an HR professional will follow the Council's disciplinary procedures where the outcome of the audit investigation indicates improper behaviour.

The Council will normally inform the police of financial impropriety and expect them to independently investigate and prosecute where appropriate. The Crown Prosecution Service determines whether a prosecution will be pursued. Referral to the police is to be decided by the Director of Finance, Performance and Procurement and Monitoring Officer, in consultation with the relevant Executive Director/Director/Head of Unit and having taken into account the advice of the Head of Internal Audit. Once the decision has taken place, notification would normally be carried out by the Head of Internal Audit. Referral to the Police will not prohibit action under the disciplinary procedure but it may affect its timing: the Monitoring Officer should always be consulted before initiating any disciplinary action when the matter has been referred to the police.

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organisations responsible for fraud.

## **6.0 Training**

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

To facilitate this, the Council will provide induction and ongoing training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The outcomes from training provided will be subject to continuous review to ensure effectiveness.

The possibility of disciplinary action against staff that ignore such training and guidance is clear.

The investigation of fraud and corruption centres on the Council's Internal Audit. It is essential therefore, that staff involved in this work should also be properly and regularly trained; the training plans of audit staff will reflect this requirement.

## **7.0 Conclusion**

The Council has in place a clear network of systems and procedures to assist it 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 related responsibilities.

To this end, the Council maintains a continuous overview of such arrangements and, in particular, through its Director of Finance, Performance and Procurement, the Standing Orders and Financial Regulations, various Codes and Financial Practice and audit arrangements.

This Policy Statement will be subject to review to ensure its currency.

**Nathan Elvery**  
Chief Executive

**Tony Kershaw**  
Director of Law  
and Assurance

**Katharine Eberhart**  
Director of Finance,  
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### **Other relevant policies**

- Anti-Bribery Policy and Procedures
- Anti-Money Laundering Policy
- Confidential Reporting policy

Approved by the Regulation, Audit and Accounts Committee  
at its meeting on 14 November 2005 and containing all  
subsequent approved amendments up to 28 November 2016