

## **ANTI FRAUD AND CORRUPTION POLICY**

### **1. Introduction**

- 1.1. Wirral Council employs 12,500 staff and spends many millions of pounds of public money every year delivering services to Wirral residents, Wirral businesses and visitors to Wirral. In addition the Council commissions work from other service providers.
- 1.2. The size and nature of Council services mean that there is an ever present risk of loss due to Fraud and Corruption, from both internal and external sources. Fraud and Corruption undermine standards of service and reduce the resources available for the good of the whole community.
- 1.3. This document, which has the full backing of Cabinet, sets out the Council's policy in relation to countering Fraud and Corruption across all Council services except Housing Benefit. The Council has a separate policy which specifically deals with Housing Benefit fraud, which can be viewed here

<http://www.wirral.gov.uk/LGCL/100001/200008/726/ProsecutionPolicy.pdf>

### **2. Zero Tolerance**

- 2.1. Wirral Council has a zero tolerance policy to all fraud whether perpetrated by Councillors, employees, suppliers, contractors or service users. The Council is committed to the eradication of fraud and corruption and to the promotion of the highest standards of integrity. The Council will not be afraid to tackle difficult or uncomfortable cases and will take a robust line and seek maximum appropriate sanctions and redress.

The Council is committed to delivering the corporate plan and states;

**‘Our vision is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.’**

- 2.2. To do so it is essential that the resources available to the Council are maximised. Reducing fraud and the misappropriation of Council funds to an absolute minimum will ensure that Wirral will maximise resources available.
- 2.3. This policy should be read in conjunction with the range of interrelated policies and procedures of the Council that provide a corporate framework to counter fraud and corruption (Appendix 1).

### **3. Definitions**

3.1. The Fraud Act 2006 came into force on 15 January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single act of Fraud which can be committed in three separate ways:

- False representation
- Failure to disclose Information where there is a legal duty to do so
- Abuse of Position

3.2. Corruption can be defined as the giving or acceptance of inducements designed to influence official action. The law relating to Corruption is set out in the Public Bodies Corrupt Practices act 1889, the 1905 and 1916 Prevention of Corruption acts and the Local Government act 1972. In essence it is a criminal offence under the 1905-1916 legislation to corruptly receive directly or indirectly (or give) any gift, loan, fee, reward or advantage as an inducement to do or not do anything as an officer of a Local Authority. Under the 1972 Act it is an offence for an officer to accept any fee or reward other than proper remuneration under course of his her office of employment.

### **4. A Holistic Approach**

4.1. The Council has adopted an integrated and holistic approach to countering fraud and corruption. The approach is built upon the key areas of deterrence, prevention, detection, investigation, sanctions and redress.

### **5. Deterrence - Maintaining an Anti Fraud Culture**

5.1. The most preferable way of minimising fraud is to ensure that fraudsters and potential fraudsters are deterred from even trying to perpetrate fraud. The most effective fraud deterrent is peer group pressure, within a culture where the idea of fraud is unacceptable and in which would-be fraudsters incur the disapproval of others.

5.2. The Council expects all elected Members and employees to carry out their duties in accordance with appropriate legal requirements, professional codes, internal codes, rules and procedures and to act at all times with honesty and probity in the discharge of their functions. Codes of Conduct for Members and employees are based on the Nolan Principles of standards in Public Life and for Members, the Local Authorities (model Code of Conduct) order 2007.

- 5.3. A programme of fraud awareness training will ensure that all employees are aware of their roles and responsibilities with regard to fraud. The awareness campaign will reinforce the anti fraud culture within the Council.
- 5.4. Wirral Council acknowledges the hostility of the honest majority of employees, Members, residents and suppliers to the dishonest few and will take every opportunity to reinforce this view through maximising the publicity and communication of the Council's strong fraud prevention, detection, investigation, sanction and redress processes.
- 5.5. The Council also expects that all outside individuals and organisations, including suppliers and contractors will act towards them with honesty and integrity.

## **6. Prevention**

- 6.1. If it is not possible to deter fraudsters, then the next most preferable course of action is to prevent fraud from succeeding before there is any loss to Wirral Council funds. This can be achieved by developing systems with administrative or technical features which make them less vulnerable to fraud. These are referred to as Internal Controls.
- 6.2. It is management's responsibility to establish and maintain systems of internal control and to ensure that the Council's resources are applied appropriately. Internal Audit operates as an aid to management to give assurance as to the effectiveness of Internal Control and to make recommendations for improvement. Management should strive to design the potential for fraud out of all new policies and procedures.
- 6.3. It is recognised that in organisations in which fraud occurs, frauds are often perpetrated by employees who familiarise themselves with controls in order that they can circumvent these controls for personal gain. The honesty and integrity of staff is therefore paramount. It is management's responsibility to ensure that in line with the Council's Recruitment Policy appropriate pre employment screening is operated diligently to prevent unsuitable candidates from securing positions within the Council. (This includes agency staff)

## **7. Detection**

- 7.1. All staff and Members should be aware of the possibility of fraud and corruption. The Council operates a Confidential Reporting (whistle-blowing) system in accordance with the Public Interest Disclosure Act 1998. Through this all employees can make referrals about suspected fraud without fear of recrimination. Once reported, suspected fraud will be investigated in line with the Council's Investigation Procedures (see 8. below).

- 7.2. The Council is committed to data exchange with external parties such as other local authorities and other public bodies which is aimed at detecting fraud. In line with the requirements of the Data Protection Act the Council has in place fair processing notices to facilitate this data exchange. Wirral Council fully participates in the Audit Commission's National Fraud Initiative (NFI); a biennial data matching exercise aimed at detecting fraud.
- 7.3. All Internal Audit reviews will have regard to the possibility of fraud. In Addition, a series of pro-active anti fraud audits are undertaken annually in areas of known fraud risk.

## **8. Investigation**

- 8.1. In accordance with Financial Regulation 4.4.6 all Chief Officers must ensure that all suspected Irregularities and Financial Improprieties are reported to the Director of Finance. This should be done via the Anti Fraud team in the Internal Audit section.

This is essential to our approach to fraud and corruption and ensures:

- Consistent treatment of information regarding fraud and corruption,
  - Proper investigation by professionally trained investigators, where necessary,
  - A channel is established through which fraud Intelligence can be quickly disseminated around the Authority where necessary.
- 8.2. Information regarding the alleged fraud will be logged in the Internal Audit section and the severity of the alleged misdemeanor will be assessed. In consultation with the Director of the relevant Department the Chief Internal Auditor will decide whether a full investigation by Internal Audit Anti Fraud staff is required or whether the matter would be better dealt with by a trained departmental Investigating Officer (in accordance with the Disciplinary Procedure).
- 8.3. At the conclusion of the investigation, the disciplinary hearing will be heard by the departmental Nominated Officer. Investigating officers may be called upon to give oral as well as written evidence at the disciplinary hearing. At the conclusion of the hearing the outcome should be notified to the Internal Audit Anti Fraud team. The report and all evidence should be retained in accordance with the Council's Retention Policy.
- 8.4. Larger Frauds will always be investigated by professionally trained Fraud Investigators in the Internal Audit Anti Fraud team. Such investigations will be carried out in accordance with all relevant legislation including the Data Protection Act, the Police and Criminal

Evidence Act, the Proceeds of Crime Act and the Regulation of Investigatory Powers Act to ensure that any evidence obtained is fully admissible in court.

8.5. There is a duty for all staff to assist the Council with any matter under investigation. Failure to assist with an investigation may be seen as a breach of trust or failure to comply with Financial Regulations. This could lead to disciplinary action being taken.

8.6. All Investigators must

- Comply with the Investigating Officers Code of Ethics
- Deal promptly with the matter in accordance with a standardised time frame
- Record all evidence received appropriately
- Ensure the security and confidentiality of all evidence
- Work closely with senior managers, HR officers, the Police (where necessary) and the Courts (where appropriate)
- Ensure that maximum recoveries are made where possible on behalf of the Council

## **9. Sanctions and Redress**

9.1. The Council will seek the strongest sanctions against staff who commit fraud against the Council. This may include any combination of the following:

- Disciplinary action in accordance with the Council's Disciplinary Procedure. An employee found guilty at a disciplinary hearing of fraud, theft or financial malpractice against the Council, may be summarily dismissed.
- Criminal prosecution – Investigations by Internal Audit are conducted to criminal standards The Council aims to prosecute anyone who commits fraud against the Council as this will act as a deterrent to other fraudsters.
- Civil proceedings to recover all amounts due to the Council.

## **10. Summary**

10.1. The Council is committed to creating a real anti fraud and corruption and zero tolerance culture. The Council has a framework of interrelated policies and procedures which combine with this Anti Fraud and Corruption Policy to deter fraud. However, where fraud is suspected against the Council there are arrangements in place to ensure that robust investigations are conducted and where fraud is proven, all possible sanctions are considered.

## **Appendix 1**

### **Corporate Framework to Counter Fraud and Corruption**

- Codes of Conduct for Members and officers.
- Financial Procedure Rules.
- Accounting procedures and records.
- Sound Internal Control systems.
- Effective Internal Audit which is annually reviewed by the External Auditor. The Internal Audit Section includes officers specifically trained in fraud investigation
- Effective Recruitment and Selection procedures.
- Disciplinary Procedure.
- Fraud Investigation Protocol
- Housing Benefits and Council Tax Policy.
- Benefits Fraud Investigation Team with trained investigators.
- Risk Management Policy.
- Confidential Reporting (Whistleblowing) Policy.
- Participation in the Audit Commission's National Fraud Initiative.
- Procedures for the Declaration of Conflict of Interests, Gifts and Hospitality and Pecuniary Interests.
- Money Laundering Policy