

**SHROPSHIRE COUNCIL
COUNTER FRAUD AND ANTI-CORRUPTION STRATEGY**

1. INTRODUCTION

- 1.1 In administering its responsibilities the Council is set against fraud and corruption whether it is attempted on or from within the Council. It is committed to an effective Counter Fraud and Anti-Corruption Strategy designed to:
- Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- 1.2 The Council also expects that individuals, partners and organisations (e.g. suppliers/contractors) that it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption.
- 1.3 This Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover :
- Culture
 - Prevention
 - Detection & Investigation
 - Post Investigation
 - Training & Development
- 1.4 As well as more “traditional” areas of fraud and corruption, such as theft of money, false accounting and corrupt practices, the statement also encompasses misuse of assets, illegal use or disclosure of data and fraud perpetrated through the improper use of IT systems.

2. CULTURE

- 2.1 The Council encourages a culture of honesty and opposition to fraud and corruption. Members and officers at all levels are expected to lead by example in ensuring adherence to established rules and procedures and to ensure that all procedures and practices are legally sound and honest.
- 2.2 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 issues where they are associated with the Council’s activity. This they can do in the knowledge that such concerns will be treated in confidence and properly investigated. If necessary a route, other than a normal line manager, may be used to raise such concerns. Examples of such routes are:
- Chief Executive, Directors or Heads of Service
 - Internal Audit Services Standards Hotline.

- 2.3 Guidance and Policy for Employees is given in the Employee Induction Handbook on “Speaking Up About Wrongdoing”.
- 2.4 The Speaking Up About Wrongdoing leaflet which includes reference to the Council’s counter-fraud arrangements has been supplied to all staff and is also provided to all new staff at induction. There is also a separate Whistle Blowing Policy for schools.
- 2.5 Members of the public can also report concerns through the Council’s complaints procedures or by contacting their elected member, the District Auditor or Local Government Ombudsman.
- 2.6 The Council will ensure that any allegations received in any way including by anonymous letters or telephone calls will be taken seriously and investigated in an appropriate manner.
- 2.7 Managers are responsible for following up any allegation of fraud or corruption received and are expected to deal with it urgently, referring it to the **Section 151 Officer** (Director of Resources) and Head of Audit.

The investigating officer, usually an Internal Auditor, **or in the case of Housing Benefit Frauds a Benefits Officer** will:-

- Deal promptly **and confidentially** with the matter.
 - Liaise with the **Section 151 Officer** and Monitoring Officer as appropriate.
 - Record all evidence received.
 - Ensure that evidence is sound and adequately supported.
 - Ensure security of all evidence collected
 - Contact other agencies e.g. Police
 - Notify the Council’s insurers
 - Provide information in accordance with disciplinary procedures where appropriate.
- 2.8 Senior management are expected to deal swiftly and firmly with those who defraud the Council or who are corrupt. The Council intends to be considered as robust in dealing with financial malpractice.
- 2.9 Any abuse such as raising unfounded malicious allegations **or attempting to conceal the truth** may be dealt with as a disciplinary matter.

3. PREVENTION

3.1 Staff

- (a) 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 staff, in terms of their propriety and integrity. In this regard temporary and casual staff should be treated in the same manner as permanent staff.
- (b) Procedures for the recruitment of staff are detailed in the Recruitment and Selection Guidelines produced by **Human Resources and** Development and all recruitment should comply with this. Where references are requested, the candidate's suitability for the post should be assessed in accordance with the employee specification. Expectations of honesty and integrity will form part of all posts' specifications.
- (c) Staff of the Council are expected to follow the Code of Conduct of their Professional Organisation and also to abide by the Employee Code of Conduct, which is detailed in the **Constitution** and the Employee Handbook.
- (d) Employees must operate within the Local Government Act 1972 (Section 117) regarding pecuniary interests in Contracts relating to the **Council** or fees and rewards other than proper remuneration. The Act requires that an officer must give, as soon as is practicable, written notice of the fact that he/she has a pecuniary interest either directly or indirectly in a contract or accepts any fee or reward whatsoever other than his/her proper remuneration. Staff are reminded of this in the Employee Code of Conduct.
- (e) The attention of Senior Management should be raised where staff do not regularly take annual leave, or where recognised checking mechanisms breakdown.

3.2 Members

- (a) Members are required to operate within:
 - The Council's Constitution.
 - The Council's Financial and Contract Rules.
 - Shropshire Council's Local Code of Conduct for Members.
- (b) Elected Members sign to the effect that they have read and understood the Members Code of Conduct when they take office. These conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. The Monitoring Officer advises Members of new legislative or procedural requirements. A formal complaint about a Member breaching the Code of Conduct is dealt with by the Standards Board for England or the Local Standards Committee.

- (c) From time to time, Members may be contacted by local people concerning suspicions of fraud or corruption relating to the Council's business. In such circumstances they should pass full details of the concern to the Head of Audit **Services**, who will ensure that the matter is appropriately investigated.

3.3 Systems

- (a) The Council has Financial and Contract Rules in place that require staff, when dealing with the Council's affairs to, act in accordance with best practice.
- (b) The Council has a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs and ensure that one of its Officers has responsibility for the administration of these affairs. The designated officer is the Director of Resources. The Council has developed Financial Rules which outline the systems, procedures and responsibilities of staff throughout the Council and are available on the Council's intranet.
- (c) The Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which include adequate separation of duties. Directors are required to ensure that such controls including those in a computerised environment are properly maintained and documented. Their existence and appropriateness is independently reviewed and reported upon by the Council's Internal Audit Service.
- (d) Periods of change can be particularly critical to the prevention of fraud. Extra management supervision will be required during employee vacancies and changes. The importance of controls against fraud in a new system will need to be considered by the managers undertaking the change. Internal Audit must be informed of changes to key systems. These may either be financial or management or ones where information feeds into financial or management systems.

3.4 Combining with Others

- (a) Arrangements are in place and continue to be developed 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 and other public bodies.
- (b) These include:
- Police.
 - Society of County Treasurers.
 - County Chief Auditor Networks.
 - County and District Audit Groups.
 - National Data Exchange Exercises, i.e. National Fraud Initiatives run by the Audit Commission.
 - Audit Commission.
 - National Anti Fraud Network.
 - CIPFA.

4. DETECTION AND INVESTIGATION

- 4.1 The number and extent of preventative measures, particularly internal control systems within the Council have been designed to safeguard the Authority from and to deter fraud and corruption.
- 4.2 It is often the alertness of employees and the public to control weaknesses that enables detection to occur and the appropriate action to take place where there is evidence that fraud or corruption may be occurring.
- 4.3 Despite **having sound systems of internal control in place** many frauds are discovered by chance or “tip off”. The Council has in place arrangements to enable such information to be properly dealt with. These are shown within this Strategy at paragraph 2.
- 4.4 Staff of the Council are required by its Financial Rules to report all suspected irregularities to the Section 151 Officer (Director of Resources) and the Head of Audit **Services**. Reporting is essential to the Counter Fraud and Anti-Corruption Strategy and:
- Ensures the consistent treatment of information regarding fraud and corruption.
 - Facilitates proper investigation **by experienced staff**.
 - Ensures the proper implementation of a fraud response investigation plan.
 - Ensures appropriate employment procedures are followed.
- 4.5 The Council's Disciplinary Procedures will be used where the outcome of the audit investigation indicates improper behaviour by a member of staff whether or not this has been referred to the Police.
- 4.6 The Council will expect the Police to charge offenders where corruption or financial impropriety is discovered. The decision on impropriety is a matter for the Monitoring Officer and the Director of Resources.
- 4.7 The Council **only** interviews under the requirements of the Police and Criminal Evidence (PACE) Act **in respect of Housing Benefit Fraud**, all **other** investigations that may lead to criminal action will be conducted by the Police. Once a case has been referred to the Police, any action taken by the Council outside of the disciplinary procedure will be complementary to the Police investigation.
- 4.8 **The Council's External Auditor will examine the Council's arrangements for the prevention, detection and investigation of fraud and corruption and will report accordingly.**

5. POST INVESTIGATION

- 5.1 The Council wishes to see that following an investigation action is taken to minimise future occurrence. This may be by changes in management, systems and procedures or retraining of officers.
- 5.2 Any publicity arising from an investigation will be co-ordinated by the Council's Head of

Policy, Communications and Scrutiny. It is the responsibility of Directors to ensure that the **Communications Officer** is informed of developments following completion of an investigation.

6. TRAINING & DEVELOPMENT

- 6.1 The Council recognises that the success of this strategy will depend largely on the uptake and impact of the training and development and responsiveness of employees throughout the organisation.
- 6.2 Management are supported in the provision of appropriate induction and refresher training particularly for employees involved in internal financial control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 6.3 Investigation of fraud and corruption centres on the Council's Internal Audit **and Housing Benefits Service**. It is apparent, therefore, that staff involved in this work should also be properly and regularly trained. The training plans of **the services** will reflect this requirement.

7. CONCLUSION

- 7.1 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. Organisations working in partnership with the Council are expected to adopt a similar stance.
- 7.2 To this end, the Council maintains a continuous overview of arrangements and, in particular, through its Section 151 Officer (Director of Resources), Monitoring Officer, the Contract and Financial Rules, Codes of Practice, Financial Procedures Manual and audit arrangements.
- 7.3 The Council is committed to ensuring the wide circulation of this strategy both internally and externally in order that all relevant parties understand the very high standards which the Council is determined to observe in all its business.
- 7.4 This Strategy will be reviewed **annually**.

Reviewed and updated 26th November 2009