



# **Policy to Combat Fraud, Theft, Bribery and Corruption**

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## 1. Introduction

The Council, as a major public sector organisation, recognises its responsibilities for good governance and for the proper stewardship of public funds. It has a duty to secure best value in the administration of these funds and is committed to preventing fraud, theft, corruption and bribery. The Council is also committed to developing, maintaining and promoting a culture of vigilance, as well as the reporting and investigation of such activities.

This policy is built around a counter fraud culture supported by practices to deter and detect fraudulent and corrupt activities. It takes account of the Council's statutory obligations, including, and in particular, the provisions of the Bribery Act 2010.

## 2. Scope of the Policy

This policy applies to all Moray Council employees, elected members, workers, agents and associated persons, companies and organisations performing services for and on behalf of the Moray Council. All reference to "employees" and "elected members" in this policy shall include reference to workers, agents and associated persons, companies and organisations performing services for and on behalf of the Moray Council.

## 3. Culture

There is an expectation that all staff and elected members will act within the law and with honesty and integrity at all times. In particular, all staff and elected members are expected to refrain from engaging in fraudulent or corrupt activity of any kind and shall refrain from the offering, making or accepting bribes, whether financial or otherwise.

All Council staff are expected to report any concerns regarding actual or suspected fraud, theft, corruption and bribery either directly to the Internal Audit Manager, as required by Financial Regulations where financial impropriety is concerned, or in terms of the Council's Confidential Reporting (whistleblowing) policy administered by the Human Resources Service. Elected members are expected to report in similar terms the same to the Council's Monitoring Officer.

Likewise there is an expectation There is a similar requirement that all workers, agents and associated persons of companies and organisations providing works, goods, or services to the Council will support the culture promoted in this policy by adhering at all times to conditions of contract specified by the Council.

The counter fraud, theft, corruption and bribery culture is evident within the Council's Code of Corporate Governance developed in line with CIPFA/SOLACE guidance. Governance standards promote values and behaviours for the Council that demonstrate how it will uphold good practice governance and high standards of conduct. These include codes of conduct for both elected members and employees and reflect the principles of public life identified by the Nolan Committee, including selflessness, honesty and integrity. This also takes in the Duty (Public Service) and Respect principles added by the Scottish Executive.

Breaches of the Councillor's Code may be referred to the Standards Commission.

~~Breaches and breaches~~ by employees may be the subject of internal disciplinary procedures. These procedures are comprehensive and provide that theft, fraud, attempted fraud, corrupt behaviour or bribery may constitute gross misconduct leading to summary dismissal.

Council staff are an important element in its stance on fraud, theft, corruption and bribery practices. Staff recruitment procedures require references to be taken up for potential staff in terms of their propriety and integrity prior to an offer of employment being made. There is a general expectation that all employees will follow any code of conduct related to their personal professional disciplines.

Staff ~~can be actively encouraged to~~ raise any concerns they may have in relation to malpractice where this is associated with the Council's activities. The Confidential 'whistle blowing' policy and procedure is in place which enables employees to raise any concerns they may have about any aspect of the Council's work without fear of victimisation, subsequent discrimination or disadvantage, and in the knowledge that such concerns will be properly investigated.

#### **4. Prevention**

The Council has a statutory responsibility to make arrangements for the administration of its financial affairs under the direction of a proper officer - the Chief Financial Officer. ~~Head of Financial Services.~~ The Council also has incorporated within its standing orders and procurement procedures arrangements in respect of contracts for the supply of goods or materials and the execution of works. These ensure that ~~uniform~~ established and consistent contracting procedures are available for use by the Council, and all procuring officers are either fully trained or are given support ~~by~~ from procurement officers as part of the Supported Tender Process.

The Audit and Scrutiny Performance Review Committee has a remit which includes ensuring that the highest standards of probity and public accountability are demonstrated. ~~This~~ Its role involves oversight of enhancing internal control processes as a contribution to good governance arrangements by promoting internal control and risk management and by

generally supporting an anti-fraud, theft, corruption and bribery culture. The Committee meets regularly and considers reports produced by internal and external audit on the Council's systems; reports which include recommendations to strengthen internal controls and in turn reduce the risk of fraud and related behaviours going undetected of internal control including measures to prevent and detect fraud, theft, bribery and corruption.

Managers too have an on-going responsibility for implementing effective systems of control which secure the legitimacy of expenditure, the safeguarding of assets and income, the reliability of management information, the accuracy of record keeping and compliance with statutory guidance. They also have a responsibility ~~are responsible~~ for communicating this policy to their staff and ensuring established systems are followed. ~~This ensures fraud, theft, corruption and bribery prevention procedures are as effective and robust as possible.~~

In addition, risk management arrangements have been adopted ~~developed~~ to identify areas, existing or new, which may be susceptible to fraud, theft, corruption or bribery and to implement controls to manage any identified risks.

The effectiveness of these controls is independently monitored on a planned basis by internal audit in accordance with an annual plan of work endorsed by the Audit and Scrutiny ~~Performance Review~~ Committee.

~~Housing Benefit and Council Tax Benefit fraud is a major concern nationally and a separate Benefits Fraud team has been set up within the Revenues Section of the Corporate Services Department. The team will apply the general principles of this policy in conducting their work together with a separate but related Fraud Sanctions Policy based on guidance provided by the Department for Work and Pensions.~~

Investigation of Housing Benefit Fraud is the responsibility of the Department for Work and Pensions (DWP), this benefit, however, remains in payment by the council. The council has nominated a single point of contact within Internal Audit – a Corporate Investigations Officer - to enable the information necessary to progress any investigations to be extracted and exchanged with DWP. A joint working protocol is in place. The Corporate Investigations Officer also has a remit to consider allegations of tenancy fraud, suspected false applications for council tax reductions or discounts, and misuse of awards made from the Scottish Welfare Fund.

There is a requirement that staff must declare any conflicts of interest arising directly or indirectly from their employment with the Council. This interest may be financial or be one that a member of the public might reasonably think could influence the judgement of a member of staff. In order to avoid any accusations of impropriety, staff must alert their line manager of any potential conflicts of interest and the line manager, in turn, must pass details of these to the Head of Human Resources, ICT & Organisational Development for recording in a register of staff interests.

A separate policy applies to employees who undertake other employment outside the Council. Normally, ~~a request by a member of staff to undertake~~ such employment will be permitted not be refused, unless there is a clear conflict of interest or it is likely to have an adverse effect on the work of the Council. Where approval is given to an employee to undertake paid outside work in line with the policy, details must be forwarded to the Head of HR, ICT and Organisational Development ~~uman Resources~~ for retention. Employees are not permitted to use equipment and resources of the Council in any paid outside employment or for personal benefit.

A register of members' interests is maintained to record interests declared by elected members.

Elected members and employees are required to declare any offers of gifts or hospitality which are, or may be construed to be, related to the performance of their duties with the Council. ~~These must be reported to the Democratic Services Manager for recording in registers of gifts or hospitality.~~ In line with current Council policy, hospitality or gifts not exceeding £30 in value may be accepted, but elected members or employees must not accept repeated gifts or hospitality from the same source, and they should not accept free travel, accommodation, or other inducements from current or prospective suppliers to the Council. Where hospitality or gifts exceeding £30 in value are accepted, these should be notified to the relevant head of service (monitoring officer for elected members) for recording in registers of gifts and hospitality.

Further preventative measures are promoted through a Corporate Integrity Group, chaired by the Monitoring Officer and including officers from Finance, Internal Audit, Trading Standards, HR, Procurement, Property Services, IT, and Press/PR.

The Group's purpose is to:

- Identify potential vulnerabilities in systems and procedures;
- Have an action plan to address them;
- Improve lines of communication both within the Council and with the Police and other Councils;
- Monitor policies and practice in this area

The Action Plan details known crime, fraud and corruption risks with the mitigation measures in place for each. The plan is regularly reviewed in light of alerts from the National Fraud Initiative, Police Scotland and from relevant press articles. Where appropriate these are shared with staff to encourage increased vigilance against potential threats.

## **5. Detection and Investigation**

### Fraud

The Financial Regulations provide that where any matter arises which involves or is thought to involve a fraud or other irregularity that affects the affairs of the Council the matter should be drawn to the attention of the Internal Audit Manager.

The Internal Audit Manager shall then arrange for an investigation to be carried out. These will be investigated to the extent necessary depending on the circumstances presenting in each case, in accordance with the Council's Fraud Response Plan. In the event that the investigation indicates misconduct by a member of staff the council's disciplinary procedures shall apply.

Further, ~~where~~ where misconduct is established, the Internal Audit Manager in consultation with the relevant Head of Service and the Depute Chief Executive (Education, Communities and Organisational Development) Corporate Director (Corporate Services) will determine if the matter should be referred to the police having regard to all salient factors of the case.

Where there is a financial loss, the council will seek to recover the amount of the loss, including where a fraud is material, by means of consideration will be given to recovery through ing losses in a civil court. In determining the action to be taken, regard will be had to the amount of the loss, the likely costs of any recovery action and the prospects of successful recovery of the amounts lost.

Where an employee has left employment as a result of a negligent act or misappropriation of funds it may be possible to recover all or part of any losses from the pension benefits of the employee. Such action will be taken in consultation with the Chief Financial Officer~~Corporate Director (Corporate Services)~~.

The Council participates in the National Fraud Initiative. This requires submission of various data sets at prescribed intervals every two years via Audit Scotland to the Cabinet Office Audit Commission. The information supplied is matched to similar data provided by other public bodies and then made available to the Council for use in data matching exercises designed to detect fraud and error. Matches shall be tested to the extent necessary to provide assurances on the accuracy of council systems or to follow up the circumstances arising from suspected irregularities.

## Bribery

### Employees

The Council will fully investigate any instances of alleged or suspected bribery through the Council's disciplinary procedures. Where an employee is found to have offered, given, solicited or accepted a bribe this may constitute gross misconduct and could result in summary dismissal.

### Elected Members

Where allegations are made about an elected member having offered, given, solicited or accepted a bribe, the matter shall be referred to the Monitoring Officer. The Monitoring Officer may refer the matter to the Police and/ or the Ethical Public Standards Commissioner for investigation.

## **6. Training**

The Council recognises that the continuing success of its policy to combat fraud, theft, bribery and corruption 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~~ training, with emphasis on the application of codes of conduct for elected members and staff. These codes promote and encourage behaviours consistent with the principles of public life. Refresher sessions are available from time to time for elected members and through the Moray Management Methods training programme for staff, particularly for staff involved in internal control systems and those staff and elected members who may be at greater risk of being bribed. This is to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Specific specialist training is also provided for Benefits Fraud staff, including advice on personal safety and security.

~~Risk assessments will be undertaken for each of the Council's key business activities and the individuals at the highest risk of exposure to bribery identified. This includes those involved in high value projects, purchasing products and services, making certain recommendations to committee, processing certain applications etc. Training will be provided to appropriate employees who have been identified as being at potential risk of exposure to bribery.~~

## **7. Summary / Key Messages**

The Council will not condone fraud, theft, bribery or corruption, whether it is attempted on the Authority or from within it.

An anti-fraud culture has been adopted to encourage staff to report on suspected malpractice.

Preventative measures have been put in place to minimise the risk of fraud or irregularity going undetected.

Any suspected fraudulent activity shall be investigated promptly and thoroughly, with appropriate disciplinary actions being taken against those responsible.

| **Updated:** January 2020~~January 2012~~