

Anti-Fraud and Corruption Policy and Strategy

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This document forms part of Somerset County Council's HR&OD Manual, which is available on the SCC Website [HR - SCC extranet](#).

*Updated **July 2020**, for next review July 2022.*

Statement on Fraud and Corruption by the Senior Leadership Team

Somerset County Council takes its responsibilities to protect the public purse seriously and is fully committed to the highest ethical standards, to ensure the proper use and protection of public funds and assets.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue appropriate sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.

To fulfil the Council's Strategy, we must be able to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and corruption to zero. This policy statement is underpinned by an Anti-Fraud and Corruption Strategy, which sets out the key responsibilities regarding fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

The strategy is based upon the five pillars: Govern, Acknowledge, Prevent, Pursue and Protect for effective fraud management and adheres to England's counter fraud and corruption strategy for local government Fighting Fraud and Corruption Locally – A Strategy for the 2020's.

1. Purpose

1.1 The purpose of this Policy is to set out clearly:

- The Council's commitment and approach to tackling fraud, bribery, and corruption.
- The responsibilities of Members and employees to report any suspicions they have.
- The importance of the public in tackling fraud.

1.2 This policy applies to:

- Members
- Employees
- Agency staff
- Contractors
- Consultants
- Suppliers
- Service users
- Employees and committee members of organisations funded by Somerset County Council
- Employees and principals of partner organisations
- Volunteers working for Somerset County Council

1.3 In addition to the above Somerset County Council expects members of the public to be honest in their dealings with the Council.

1.4 Other relevant policies include:

The Constitution (including Financial Regulations and Contract Standing Orders)

- Financial Procedures
- Members' Code of Conduct
- Standards of Conduct
- Complaints procedures
- Disciplinary Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Anti-Bribery Policy

- Risk Strategy
- Audit Committee reports

1.5 The arrangements set out in this policy will be reviewed annually to ensure the Council remains resilient to fraud threat.

2 Key Principles The Council has reviewed its arrangements in line with the Fighting Fraud and Corruption Locally Strategy (2020) – the Local Government blue print for tackling fraud in Local Government. The strategy outlines its 5 pillars for effective fraud management, as below:

Pillar 1	Pillar 2	Pillar 3	Pillar 4	Pillar 5
Govern	Acknowledge	Prevent	Pursue	Protect
having robust arrangements embedded throughout the organisation	acknowledging and understanding fraud risks	preventing and detecting more fraud	being stronger in punishing fraud/ recovering losses	protecting itself and its residents



<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p> <p>Having a holistic approach to tackling fraud is part of good governance.</p>	<p>Assessing and understanding fraud risks.</p> <p>Committing support and resource to tackling fraud.</p> <p>Maintaining a robust anti-fraud response.</p>	<p>Making better use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture.</p>	<p>Prioritising fraud recovery and the use of civil sanctions.</p> <p>Developing capability and capacity to punish fraudsters.</p> <p>Collaborating with law enforcement.</p>	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>
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2.2 The Council will not tolerate fraud, bribery or corruption and if proven employees will face possible dismissal and/or prosecution.

2.3 The Council expects that Members and officers at all levels will lead by example to ensure high standards of propriety, integrity and accountability and operate within relevant Codes of conduct.

- 2.4 The Council will endeavour to raise fraud awareness among employees both at induction and periodically throughout their employment.
- 2.5 The Council expects Members and Senior Officers to emphasise the importance of anti-fraud work and to actively promote and support the fight against fraud.
- 2.6 The Council expects individuals and organisations with whom it comes into contact with to act with integrity towards the Council.
- 2.7 The Council understands the fraud risks it faces and will implement policies and procedures to identify and prevent fraud, bribery and corruption, but will also take all action necessary to investigate and identify it.
- 2.8 The Council will take appropriate action against those responsible for fraud and where possible recover losses incurred. (see Recovery of Losses)
- 2.9 Members of the public are asked to contribute to the Council's fight against fraud by remaining vigilant to the potential for fraud and reporting it where they suspect the Council is being targeted. Employees and Members have a duty to do so, and concerns should be raised when it is reasonably believed that one or more of the following has occurred, is occurring or is likely to occur:
- A criminal offence.
 - A failure to comply with a statutory or legal obligation.
 - Improper or unauthorised use of public or other official funds, or assets.
- 2.10 The investigation of fraud will be fair, independent and objective. Officers will be mindful of the Equality Act 2010 and will not let their political or personal views regarding suspects, victims or witnesses unduly influence their decisions. Officers will not be affected by improper or undue pressure from any source.
- 2.11 Somerset County Council will endeavour not to facilitate fraud against other bodies including tax evasion. If through its operation or investigation work, it identifies possible fraud against another organisation, it will report this to the 'appropriate body'.
- 2.12 Work with service areas to help raise awareness of fraud risk and scams that affect the public relative to the service area.

3 Relevant Legislation

- 3.1 Fraud is defined in the Fraud Act 2006 which came into effect from 15 January 2007. There are three basic types of fraud:
- False representation

Where a person makes a representation that is intentionally and dishonestly made, knowing that it is, or might be, untrue or misleading with intent to make a gain for him/herself or another, to cause loss to another or to expose another to risk of loss.

- Failing to disclose information
Where a person fails to disclose information to another person when he/she is under a legal duty to disclose that information honestly, intending by that failure to make a gain or cause a loss.
- Abuse of position
Where a person occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person and abuses that position dishonestly intending by that abuse to make a gain/cause a loss (the abuse may consist of an omission rather than an act).

A person can be found guilty even if there is no victim of the crime; all that needs to be proven is the intent to make a gain or cause a loss by the accused.

- 3.2 The Bribery Act 2010 contains two general offences:
- Section 1 - the offering, promising or giving of a bribe (active bribery);
 - Section 2 - and the requesting, agreeing to receive or accepting of a bribe (passive bribery)
- 3.3 The Theft Act 1968 and the Forgery and Counterfeiting Act 1981 define offences of:
- Theft
 - False Accounting
 - Forgery
- 3.4 The Criminal Finance Act 2017 created a criminal offence of failing to put adequate measures in place to prevent tax evasion in the United Kingdom or overseas.
- 3.5 The Proceeds of Crime Act 2002 made it a criminal offence to fail to disclose knowledge of or suspicion of money laundering.

4. Reporting Fraud

- 4.1 County Council employees and members **must** report any concerns they may have regarding fraud and corruption, whether it relates to dishonest behaviour by Council employees, Members, contractors or by others. That action will be free from recrimination. Such concerns will be treated in confidence and will be properly investigated. In the first instance a member of staff should contact a senior manager within the line management structure.

Any suspected instances of fraud or data breaches should also be emailed to anti-fraud@somerset.gov.uk or logged via the intranet self help service.

However, if the member of staff considers the matter too serious or sensitive or inappropriate to raise within the line management structure then one of the following may be contacted – in person, by telephone or e-mail (marked confidential):

- Chief Executive
- Director of Finance – Chief Finance Officer
- Strategic Manager – Finance Systems & Governance
- Chief Internal Auditor - SWAP Internal Audit Services
- Monitoring Officer
- Chair of Audit Committee.

Concerns can also be raised directly to the SWAP Internal Audit Services Counter Fraud Team through their Confidential Reporting Line:

SWAP Confidential Reporting Line	
Confidential Helpline	020 8142 8462
Confidential Email	confidential@swapaudit.co.uk
https://www.swapaudit.co.uk/contact-us	Report It

- 4.2 All matters will be treated in confidence and an expressed wish not to reveal the identity of a complainant will be respected wherever possible. (Concerns expressed anonymously are much less powerful but will be considered by the County Council). Alternatively, any person with a concern may use the Council’s Confidential Whistleblowing Policy or as an external contact point our external auditors, Grant Thornton.
- 4.3 Elected members should normally report any concerns to the appropriate Senior Leadership Team member, the Chief Executive, the Director of Finance or the Monitoring Officer.
- 4.4 The Council’s Disciplinary Policy clearly identifies the following as gross misconduct:
- Theft or unauthorised possession from other employees, the Council or clients.
 - Fraud or attempt to defraud.
 - Falsification and irregular practice in respect of cash, records, returns or attendance recording systems.

A Senior Leadership Team member (or other senior nominated officer, where authorised) may dismiss an employee on the grounds of gross misconduct in accordance with HR policies, procedures and subject to consultation with the Director

of HR&OD.

- 4.5 An accusation of dishonest behaviour by a Member of the Council should be referred to the Monitoring Officer for an assessment of whether this is likely to constitute a breach of the Members' Code of Conduct.
- 4.6 If a case involves action against a third party, any action to be taken will be agreed between a Senior Leadership Team member, the Director of Finance, Legal and Governance, and where necessary the Monitoring Officer.
- 4.7 Where investigation reveals evidence of suspected criminal activity with regard to fraud and corruption the relevant Senior Leadership Team member in consultation with the Director of Finance **must** refer the matter to the Police. Where an employee is involved, the employee's Senior Leadership Team member should consult with the Director of Finance and where appropriate, the Chief Executive, Monitoring Officer and Director of HR&OD.

5. Investigation of Fraud

- 5.1 The investigation of fraud, bribery and corruption is a complex and specialist area and will usually be undertaken by staff in the Counter Fraud Team – SWAP Internal Audit Services or, for less complicated cases, managers, under advice from the Counter Fraud Team. The Counter Fraud Team or manager will liaise as appropriate with the Chief Executive, Chief Finance Officer, Monitoring Officer, County Solicitor, Director of HR&OD, Senior Leadership Team, relevant members and the Police.
- 5.2 To facilitate audit work and investigations, the Counter Fraud Team are accorded rights, by the Accounts and Audit Regulations (England) 2015, to access all necessary documents, records, information and explanations from any member of staff. These access rights are confirmed in Financial Regulations.

6. Prevention

- 6.1 There are many ways of preventing fraud and corruption happening. The Council has adopted the following preventative measures including:
 - Having a sound Governance Framework with performance against it being reviewed annually by senior management. Reported to Governance Board and Audit Committee.
 - Ensuring that the risks of fraud and corruption are controlled via corporate and operational risk registers.
 - The Council's Recruitment and Selection procedure requires that references should always be taken up when recruiting posts externally.

- The officers' Standards of Conduct makes clear the expected conduct of its employees.
- The members' Code of Conduct makes clear the expected conduct of its Councillors.
- The Council maintains a register of all pecuniary and personal interests (and where appropriate prejudicial interests) as well as details of gifts and hospitality received.
- Contracts Standing Orders and Financial Regulations prescribe the minimum standards for financial controls that must be in place within all processes throughout the Council.
- The County Council subscribes to the National Anti-Fraud Network.

6.2 Each individual employee and Member is responsible for observing these rules and codes. This will go a long way to preventing and detecting improper practice.

7. Detection

- 7.1 The array of preventative systems, particularly internal controls systems with the County Council, help to provide indicators of, and help to deter, any fraudulent activity. Where fraudulent activity is suspected, this may be investigated by Internal Audit. It is not Internal Audit's primary responsibility to detect fraud; the role of Internal Audit is to check the adequacy of the controls within systems. However, the assessment of the risk of fraud is routinely taken into account in planning all internal audits.
- 7.2 It is the responsibility of the Senior Leadership Team and their managers to prevent and detect fraud and corruption. However, it is often the alertness of staff, Members and the public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.
- 7.3 Allegations can be a key factor in the detection of fraud and as such the Council treats all suspicions and concerns and complaints seriously and is committed to investigate all such matters.
- 7.4 The Council's Code of Practice on Whistleblowing allows employees and Members to raise any concerns they may have in confidence and anonymously should they so wish.
- 7.5 The Council takes part in the Governments National Fraud Initiative (NFI) which brings together data from NHS bodies, local authorities, government departments and other agencies to detect a wide range of frauds against the public sector. This data matching exercise which is run every two years. Potential frauds uncovered through NFI will be investigated in accordance with this Policy. Along with this the Council subscribes to CiFAS, giving access to their national fraud database.

8. Recovery of Losses

- 8.1 The Council will always seek to recover the losses incurred as a result of fraud and corruption.
- 8.2 The Council's Insurance Manager should be informed as soon as possible of any potential insurable loss. Details of the case should also be given together with an indication of what recovery action is being attempted.
- 8.3 If anyone under investigation offers money in settlement of any losses to the Council, it should be made clear that any monies offered will be accepted:
- without prejudice to any other action the Council may wish to take.
 - that acceptance is only in respect of losses identified to date.
 - and that the Council reserves the right to seek recovery of any further losses that may come to light in the future.
- 8.4 Claims under the Council's insurance arrangements in fraud and corruption cases should be regarded as a "last resort" and will only be instigated once all other avenues of recovery have been fully explored.
- 8.5 Instances of fraud will be reported to the police and consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to recover the Council's losses.

9. Conclusion

- 9.1 The County Council will maintain a continuous overview of these arrangements and, through the Director of Finance, will in particular ensure a regular review of Contract Standing Orders, Financial Regulations, Financial Management, Audit Arrangements and Fraud Management .
- 9.2 This Policy Statement will also be subject to regular review at least every other year.

If you have any questions about these procedures, please contact the **Strategic Manager – Finance Systems and Governance**