Appendix 1

ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

2018-2022

DATE POLICY IN FORCE - Version	DEPARTMENT	REVIEW
January 2018	Tax & Benefits	

1. Introduction

1.1 New Forest District Council recognises that public trust and confidence in the way it conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards. Public confidence will be weakened if fraud, bribery or corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.

1.2 It is acknowledged that even with strong preventative measures, motivated fraudsters will still succeed so we must have a robust enforcement response to pursue fraudsters and to deter others.

1.3 To help local government recognise and address their fraud risks, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced "Fighting Fraud & Corruption Locally -The Local Government Counter Fraud and Corruption Strategy 2016-2019" and a "Code of Practice on Managing the Risk of Fraud and Corruption". This strategy has been constructed utilising this central guidance.

1.4 The Council is committed to the fight against fraud, bribery and corruption and will not tolerate these acts in the administration of its responsibilities, whether from inside or outside the Council. It will deal openly and forcefully with anyone who acts dishonestly.

2. Responsibilities

2.1 The Council expects the highest standards of conduct and integrity from all who deals with it and everyone has a duty to assist the Council in the fight against fraud, bribery or corruption.

2.2 The Section 151 Officer has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs. Therefore leadership for the delivery of the Fraud and Corruption Strategy resides with the Head of Finance as the Council's Section 151 Officer.

2.3 Managers are responsible for maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended. They should identify the risks to systems and procedures and ensure all suspected or reported irregularities are dealt with promptly.

2.4 All staff are responsible for their own conduct and are required to comply with Council policies and procedures. They must act properly in the use of Council resources and consider whether they should raise a concern under the Whistleblowing Policy if there is reason to believe there has been fraud, bribery or corrupt activity within the Council.

2.5 Any information concerning suspected fraud, bribery or corruption involving an Elected Member will be referred to the Monitoring Officer, who will decide upon the most appropriate method of investigation.

2.6 The Council relies on employees, Councillors and the public to be alert to fraud and to report any suspicions of fraud or corruption.

3. Approach to Countering Fraud

3.1 New Forest District Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk. The principles as set out below are reinforced by ensuring the Council acknowledges the threat of fraud though appropriate risk assessments and creates a greater emphasis on prevention and the recovery of any losses. A robust enforcement response will be used to pursue fraudsters and deter others. The Council will actively work with relevant partners when required.

Acknowledge: The Council will promote and develop a strong Counter-fraud culture, raise awareness and provide information on all aspects of counter fraud. This includes dedicated fraud web pages and a fraud e-learning tool. Fraud referrals will be thoroughly investigated and the recovery of any losses due to fraud will be sought.

Acknowledge
• Assessing and understanding fraud risks • Committing support and resource to tackling fraud • Maintaining a robust anti-fraud response

Prevention: Prevention is often the most efficient way to ensure losses from fraud are kept to an absolute minimum. The ongoing development of the strategy will be based upon comprehensive assessments in all areas of council activity to reduce losses from fraud, bribery and corruption. This will include council wide assessments of fraud and corruption risks and the identifying of risk owners to then feed into the Corporate Fraud Risk Register. The Council will actively participate in relevant data matching opportunities, such as the National Fraud Initiative run by the Cabinet Office and will proactively seek opportunities to improve.

Prevent
• Developing a more effective anti-fraud culture • Making use of information and technology to data match • Enhancing fraud controls and reviewing processes

Pursue: The Council maintains a log of all fraud referrals and this log helps to establish areas within the Council that are most vulnerable to the risk of fraud. The Council will look at all allegations of fraud or corruption and use the appropriate skills to investigate any allegations when appropriate. The Council will actively use sanctions available, prioritise fraud recovery and publicise results.

Pursue
• Taking robust action when fraud or corruption is identified • Prioritise fraud recovery recovering losses • Use appropriate sanctions available & publicise results

3.2 The 3 principles as above are underpinned by the actions the Council will undertake in response to the detection of potential or committed fraud, bribery and corruption:

Investigation: Any information concerning suspected fraud, bribery or corruption involving employees, customers, clients or contractors will be examined by the Corporate Fraud Officer and an investigation may be carried out where necessary. When information

relating to potential fraud, bribery or corruption is obtained, it will be reviewed and subject to a risk assessment.

Not all referrals warrant an investigation; some may require a full investigation whilst others may be better dealt with as management issues. Where necessary the Council will ensure that all allegations are properly investigated and any evidence that needs to be obtained will be done in accordance with any relevant legislative requirements.

Sanction: All sanction decisions will be consistent, balanced and fair and relate to the degree and nature of the offence. In coming to any decision many factors will be taken into account including the seriousness of the offence, the value of any overpayment, the length of the fraud, the vulnerability of the individual, and the health and age of the individual.

There are a number of sanctions available to the Council and can include prosecution, administration penalties, civil penalties, warnings and disciplinary action.

3.3 The Council's Corporate Fraud Officer will work with the Council's internal audit providers as they assess the Council's anti-fraud, bribery and corruption measures as part of their annual audit plan giving their independent assurance on the effectiveness of the controls in place.

3 Specific Areas of Fraud Risk

4.1 Local authorities are susceptible to a wide range of fraud risks including for example:

4.1.2 **Internal Fraud**

Types of employee fraud are wide-ranging, from the manipulation of financial and payroll systems, fraudulent claims for allowances and expenses to the misuse of time, resources or goods including failure to declare conflict of interests or the acceptance of gifts (above a deminimus value) and hospitality. It also includes staff pre-employment fraud, where false information is given in order to gain employment.

Defences against employee and internal fraud are to ensure proper and adequate vetting and include a strong management-led anti-fraud culture to deter employees from committing fraud in the first place.

4.1.3 **Housing**

Housing fraud can include submitting an application for housing that contains false or misleading information, false applications for succession, key selling, unlawful subletting or non-residency and fraudulent applications under the right to buy scheme.

Defences against this type of fraud are to ensure applications are thoroughly verified, to ensure sufficient identity checks are undertaken and to complete periodic tenancy audits.

4.1.4 **Council Tax Fraud**

Council tax fraud occurs when an individual intentionally gives incorrect or misleading information in order to pay less or no council tax.

Defences against this type of fraud are to ensure applications are thoroughly verified, undertake site visits and to complete periodic data matching.

4.1.5 **Council Tax Reduction Scheme**

In April 2013 local authorities introduced the first of their own council tax support schemes which provide those on low incomes with a reduction on their council tax.

Council tax reduction scheme fraud can start from the outset if a person making an application for council tax reduction provides false information or deliberately withholds relevant information required to assess a claim for a reduction. Fraud can also happen after the claim has been made where an individual does not inform the Council of a change of circumstance that may affect their entitlement to a reduction.

Defences against this type of fraud are to ensure applications are thoroughly verified with supporting evidence and to complete periodic data matching.

4.1.6 **National Non Domestic Rates (NNDR)**

Non domestic rates are also known as business rates. Areas of risk for fraud and evasion in this area can include: empty properties, rates exemptions and ineligible discounts claimed. Under business rates retention arrangements introduced in April 2013 the local authority, county council and fire department get to keep a proportion of business rates paid locally.

Defences against this type of fraud are to ensure thorough checks on applications are undertaken, use internal information held, data matching where appropriate and site visits.

4.1.7 **Housing Benefit**

The council has a duty to administer Housing Benefits to those who qualify however, Housing Benefit fraud can occur when claimants are not truthful in their applications. This can occur if they do not declare all their earnings, property or capital, or if claimants do not declare their partners or all those resident in their household.

Defences of this type of fraud are to ensure applications are thoroughly verified with supporting evidence, utilise internal information held and complete data matching exercises.

4.1.8 **Procurement**

Procurement relates to the purchasing of goods and services. It can be complex and can also encompass a range of areas spanning the whole period from agreeing to a project to contract monitoring, extensions and re-letting.

Procurement fraud is a deliberate deception intended to influence any stage of the procure-to-pay lifecycle in order to make a financial gain or cause a loss.

Procurement fraud is particularly complex, hidden and difficult to detect and measure. It can be perpetrated by those inside or outside an organisation and is rarely reported.

Defences against this type of fraud can be by way of contract monitoring, ensuring sufficient segregation of duties, adhering to procurement rules (such as the Council's own Contract Standing Orders) and contract payment certificate checks, including the completion of a final accounts audit.

4.1.9 **Grants**

A grant is an award of financial assistance paid to eligible recipients for a specified purpose. There are different types of public sector grants paid out to individuals, businesses, charities and not-for-profit organisations.

Defences against this type of fraud are to ensure thorough checks on applications are undertaken, ensure processes in place are adhered to and where applicable authorisation is sought from the relevant persons and or panel.

4.2 Whilst the list at 4.1 isn't inclusive of all potential fraud faced by the Council (others could include; Insurance fraud, Fraudulent Disabled Facilities Grant requests, Cyber and e-enabled fraud and Mandate fraud), it gives an indication of what the Council is up against, and a flavour of the type of actions it has put in place to minimise the risk of fraud, bribery and corruption.

4 Further Information

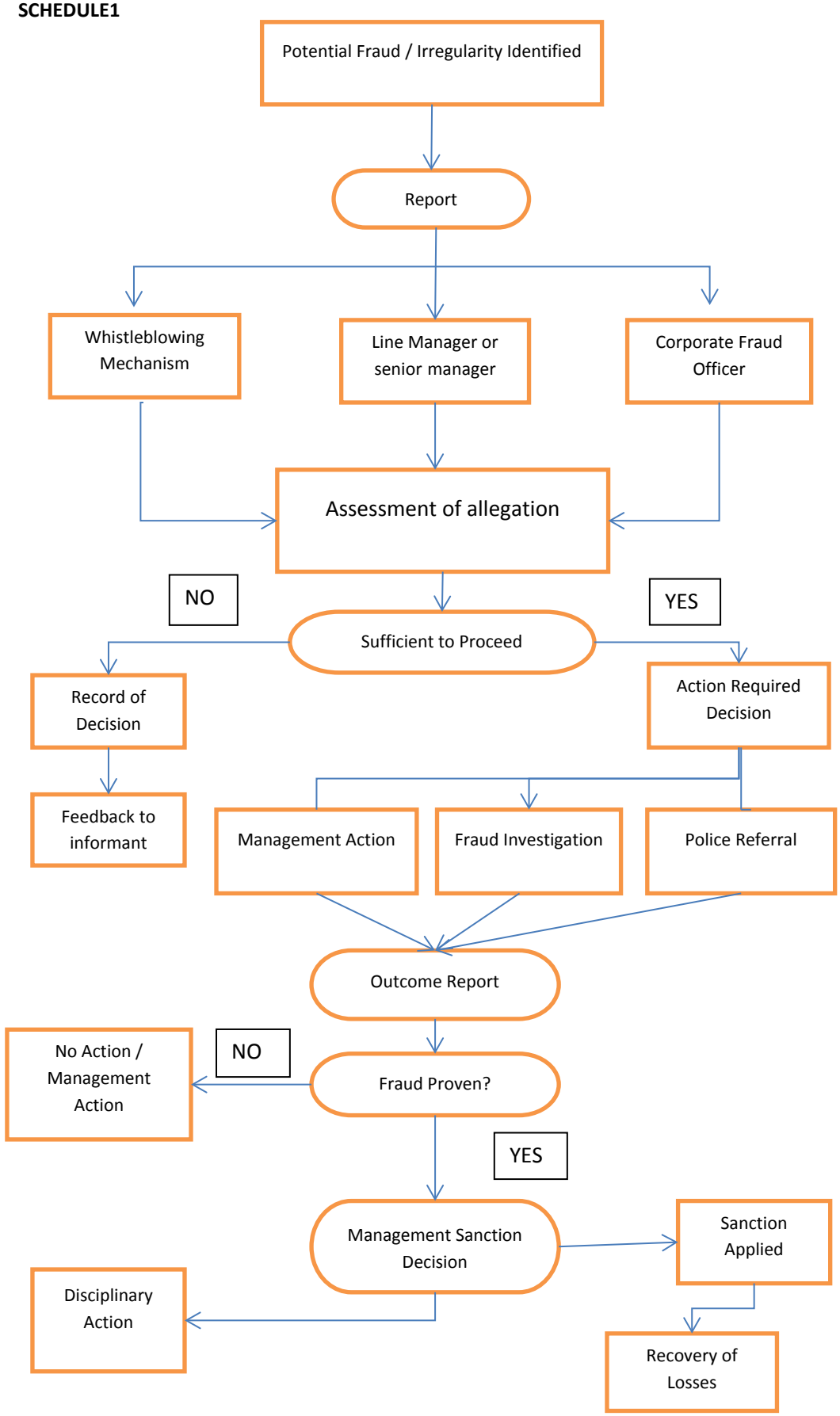
5.1 Further information can be found in the following documents.

- The Constitution
- Codes of Conduct
- Whistle Blowing Policy
- Gifts and Hospitality
- ANTI-Money Laundering Policy
- ICT Security policy
- Council Tax Support Scheme Prosecutions and Penalties Policy

5.2 Schedule 1 provides employees with a flow chart to follow from the outset of an irregularity, through to the eventual actions and decisions required of management.

5.3 Schedule 2 highlights the responsibilities of those who work for and with the Council.

SCHEDULE1


Potential Fraud / Irregularity Identified
Report
Whistleblowing Mechanism
Line Manager or senior manager
Corporate Fraud Officer
Assessment of allegation
NO
YES
Sufficient to Proceed
Record of Decision
Action Required Decision
Feedback to informant
Management Action
Fraud Investigation
Police Referral
Outcome Report
No Action / Management Action
NO
Fraud Proven?
YES
Management Sanction Decision
Sanction Applied
Disciplinary Action
Recovery of Losses

SCHEDULE 2

The primary responsibility for the prevention and detection of fraud, bribery and corruption rests with management. However all employees have a responsibility for the implementation of the Councils anti-fraud, bribery and corruption strategy.

The Section 151 Officer has been designated with the statutory responsibilities as defined by s151 of the Local Government Act 1972.

The Section 151 Officer's role encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting and internal audit and ensuring the Authority's responsibility for ensuring proper administration of its financial affairs
- The proper exercise of a wide range of delegated powers both formal and informal
- The responsibility for managing the financial affairs of the local authority in all its dealings
- The recognition of the fiduciary responsibility owed to local taxpayers.

The Council's Monitoring Officer is a statutorily appointed officer who has duties, inter alia, under the probity and ethical framework concerning Elected Members.

If a Member is suspected of committing an act of Bribery or Fraud this should be immediately brought to the attention of the Monitoring Officer and Chief Executive. Any subsequent investigation will be carried out by the most appropriate Officer and could involve other agencies.

Managers are responsible for:

- Maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended
- Identifying the risks to systems and procedures
- Developing and maintaining effective controls to prevent and detect fraud, bribery and corruption
- Ensuring that controls are complied with
- Responding to suspected cases of fraud and dishonesty pertaining to users of services within their area.

Employees are responsible for:

- Your own conduct
- Contributing towards the maintenance of corporate standards
- Acting properly in the use of the Council's resources and in the handling and use of corporate funds
- Reporting a concern if you believe you have good reason for thinking that there has been fraud, bribery, corruption or dishonest dealing with the Council.

Internal Audit is responsible for:

- The independent appraisal of control systems and their operation

External Audit is responsible for:

- Reviewing the stewardship of public money

- Considering whether the Council has adequate arrangements in place to prevent fraud, bribery, corruption and dishonesty

Each Councillor and Independent Member is responsible for:

- Their own conduct
- Contributing to the maintenance of corporate standards.