

## **MANSFIELD DISTRICT COUNCIL**

### **ANTI-FRAUD AND CORRUPTION STRATEGY**

#### **1. PURPOSE OF THE STRATEGY**

- 1.1 Mansfield District Council aims to deliver high quality services and provide value for money whilst remaining fully accountable, honest and open in everything it does. It also expects that individuals and organisations which it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption.
- 1.2 Fraud and corruption undermine these aims by diverting resources from legitimate activities, damaging public confidence in the Council and adversely affecting staff morale and therefore it adopts a zero tolerance stance against all forms of fraud, bribery, corruption or theft
- 1.3 In carrying out its functions and responsibilities, the Council is firmly committed to dealing with fraud and corruption and will deal equally with attempted fraud or corruption, by either perpetrators from inside or outside the Council, and is committed to an effective Anti-Fraud and Corruption Strategy designed to :-
- encourage prevention
  - promote detection; and
  - deal with any subsequent investigations in a prompt, thorough and professional manner.
- 1.4 The Council is fully supportive of the Local Government Fraud Strategy “Fighting Fraud Locally” and has aligned this strategy and its anti-fraud and corruption framework with the recommended strategic approach detailed below:

ACKNOWLEDGE	PREVENT	PURSUE
<p>Acknowledging and understanding fraud risks by:</p> <ul style="list-style-type: none"><li>• Assessing and understanding fraud risks</li><li>• Committing support and resource to tackling fraud</li><li>• Maintaining a robust anti-fraud response</li></ul>	<p>Preventing and detecting fraud by:</p> <ul style="list-style-type: none"><li>• Making better use of information and technology</li><li>• Enhancing fraud controls and processes</li><li>• Developing an effective anti-fraud culture</li></ul>	<p>Being strong in punishing fraud and recovering losses by:</p> <ul style="list-style-type: none"><li>• Prioritising fraud recovery and the use of civil sanctions</li><li>• Developing capability and capacity to punish fraudsters</li><li>• Collaborating across local authorities and with law enforcement</li></ul>

## 2. **DEFINITIONS OF FRAUD, BRIBERY, CORRUPTION & THEFT**

### **Fraud**

- 2.1 The Fraud Act 2006 introduced a statutory single offence of fraud which can be committed by:
- False representation
  - Failure to disclose information
  - Abuse of position
- 2.2 The existing offences of theft, corruption, false accounting, forgery. Counterfeiting and blackmail will continue to be offences under the relevant act but the new Fraud Act means that the offence of fraud can cover wider criminal acts and therefore offences which might have 'slipped' through can be caught under the wider definition contained in the Fraud Act 2006.
- 2.3 For practical purposes, fraud can be defined as dishonest conduct with the intention to make a gain or cause a loss or the risk of a loss to another.

### **Bribery**

- 2.4 The Bribery Act 2010 establishes that an offence of bribery occurs when a person offers, gives or promises to give a financial or other advantage to another in exchange for improperly performing a relevant function or activity. Similarly, the offence of being bribed is defined as requesting, accepting or agreeing to accept such an advantage in exchange for improperly performing such a function or activity.

### **Corruption**

- 2.5 Corruption is the offering, giving, soliciting or accepting of an inducement or reward which may influence a person to act against the interests of the organisation or the proper conduct of their duties.

### **Theft**

- 2.6 In law there are now five offences of deception as defined below:
- (a) Obtaining property by under Theft Act 1968
  - (b) Obtaining a money transfer by deception under Theft Acts 1968 & 1996
  - (c) Obtaining a pecuniary advantage by deception under Theft Act 1978
  - (d) Obtaining services by deception under Theft Act 1978
  - (e) Evasion of liability by deception under Theft Act 1978

### 3. **DETER, PREVENT & DETECT RESPONSIBILITIES**

- 3.1 The primary responsibility for maintaining sound arrangements to deter, prevent and detect fraud and corruption rests with management.
- 3.2 Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs. At Mansfield the Director of Commerce and Customer is the responsible officer.
- 3.3 Under the Accounts and Audit (England) Regulations 2015, the Council's accounting control systems must include measures to enable the prevention and detection of fraud.
- 3.4 The Council's Monitoring Officer (Director of Governance) is responsible under Section 5 of the Local Government and Housing Act 1989, to guard against, inter alia, illegality, impropriety and maladministration in the Council's affairs.
- 3.5 The Council's Financial Regulations support this strategy and detail the individual officer responsibilities in respect of the prevention, detection and investigation of fraud and corruption.
- 3.6 All suspected irregularities must be reported to the Audit and Information Assurance Manager who will ensure that an investigation is carried out in accordance with the Council's Fraud Response Plan, and will also maintain a log and consider the impact on the Council's risk environment.

### 4. **ARRANGEMENTS TO PREVENT, DETER, DETECT AND INVESTIGATE FRAUD AND CORRUPTION**

#### **Positive Culture**

- 4.1 The Council promotes a zero tolerance culture in respect of fraud and corruption, whether from inside or outside the Council.
- 4.2 The Council's expectation regarding propriety and accountability is that all its Members and employees will lead by example in ensuring adherence to all legal requirements, Council rules and regulations and Codes of Conduct and that all instructions, policies, procedures and practices are legally sound and honest.
- 4.3 Members and employees should adopt the Seven Principles of Public Life as set out by the Nolan Committee on Standards in Public Life, namely Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership

- 4.4 An annual corporate fraud risk assessment will be carried out by the Audit and Information Assurance Manager with the results reported to the Corporate Leadership Team (CLT) and Audit Committee. This will inform the programme of anti-fraud and corruption work carried out by the Council
- 4.5 Management and employees at all levels should be alert to the possibility of fraud. Managers should ensure that a programme of risk based anti fraud and corruption testing is carried out in their service area in line with the Council's fraud risk assessment, with the results being reported on a quarterly basis to the Audit and Information Assurance Manager who will be responsible for summarising the outcomes for CLT.
- 4.6 Members, employees and the public are encouraged to raise any matters of concern relating to potential incidents of fraud and corruption, in accordance with the Council's "Whistle-blowing Code".
- 4.7 The Council's Internal Audit Services will fully support the Council's anti-fraud and corruption arrangements and will provide advice and guidance to management to ensure effective delivery and will also independently deliver a programme of anti-fraud and corruption checks informed by the fraud risk assessment.
- 4.8 Where any loss is incurred by the Council due to fraud or corruption, it will take appropriate action to achieve maximum recovery.

#### **Constitution, Financial Regulations and Delegated Powers**

- 4.9 The Council has adopted a Constitution and documented its financial regulations and delegated powers to give Members and employees clear instructions and guidance for carrying out the Council's functions and responsibilities.

#### **Regulation of Investigatory Powers Act 2000 (RIPA)**

- 4.10 In investigating suspected fraud and corruption, the Council must comply with RIPA. The aim of this act is to ensure that investigatory powers are used in accordance with human rights.
- 4.11 In order to ensure compliance with the Act, the Council has nominated officers who are able to grant authorisations for covert surveillance subject to approval by a magistrate. Standard documentation has been adopted which must be used in seeking such authorisation. Further information is available from the Monitoring Officer.

### **Member Code of Conduct**

- 4.12 Members are required to observe the adopted Code of Conduct, which incorporates general principles governing the official conduct of Members, when acting as a representative or conducting the business of the Council.
- 4.13 Members are required to register financial interest in the Council's register by providing written notification to the Monitoring Officer.
- 4.14 Monitoring compliance with the Members Code of Conduct is the responsibility of the Council's Standards Committee.

### **Employees' Code of Conduct**

- 4.15 The Employees' Code of Conduct sets out the standards which employees are expected to meet in conducting Council business. Employees who fail to live up to the standards are liable to disciplinary action.
- 4.16 In accordance with Section 117 of the Local Government Act 1972, employees must disclose any personal interest in contracts that have been or are proposed to be, entered into by the Council.
- 4.17 Section 117 also prohibits the acceptance of fees, gifts or rewards other than by way of proper remuneration from the Council. The Officer Code of Conduct provides detailed guidance to employees on offers of gifts or hospitality and the use of public funds entrusted to them.

### **Internal Control Environment**

- 4.18 Internal control is the whole system of controls, financial and otherwise, established to provide reasonable assurance of:-
  - Proper aims and objectives
  - Effective and efficient operations
  - Reliable management information and reporting
  - Compliance with laws and regulations
  - Safeguarding of assets
- 4.19 Weaknesses in the design and operation of administrative and financial systems will increase the risk of fraud. Systems should therefore contain efficient, effective and well-documented internal controls, including separation of duties, authorisation procedures and monitoring and reporting arrangements.

- 4.20 It is management's responsibility to install adequate internal controls and rectify weaknesses if they occur. To help managers discharge this responsibility, systems are subject to review by Internal Audit in accordance with the three year risk based Audit Plan. In addition, Financial Regulations require managers to ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are agreed with the Audit and Information Assurance Manager prior to implementation.

### **Recruitment Procedures**

- 4.21 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 casual, temporary and contract staff should be treated in the same manner as permanent staff.
- 4.22 Staff recruitment is required, therefore, to be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential staff and evidence of qualifications and eligibility to work in the UK will always be obtained. There will be an open and fair policy of recruitment with no canvassing or favouritism.

### **Disciplinary Procedures**

- 4.23 The Council will treat fraud and corruption committed by its employees as a serious offence. Employees will face disciplinary action in line with the Council's agreed disciplinary procedures where there is evidence that they have been involved in these activities. Disciplinary action may result in dismissal.

### **Training**

- 4.24 A lack of procedural guidance and training for Members, managers, auditors and investigators in prevention, detection and investigation of fraud can lead to inefficient handling of fraud issues.
- 4.25 Investigation of corporate fraud and corruption is the responsibility of the Council's Internal Audit Service. Auditors must be properly trained in fraud investigation.
- 4.26 Investigation of benefit fraud cases is undertaken by the Department for Work and Pensions (DWP).
- 4.27 Advice and training in fraud awareness is available from the Audit and Information Assurance Manager.
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### **Internal Audit**

- 4.28 The Council maintains an adequate and effective system of internal audit of its accounting records and control systems as required by the Accounts and Audit Regulations 2015. The Internal Audit Service plays a proactive role in ensuring that systems and procedures are in place to prevent and deter fraud.
- 4.29 The Internal Audit Service carries out a risk based programme of system reviews across all areas of Council activity and provides advice and assistance to management on procedures and controls.

### **Verification Framework**

- 4.30 The Council has introduced the Government's Verification Framework which is a good practice guide to be applied to all benefit claims. The guidance is designed to:-
- Detect and prevent fraudulent benefit claims
  - Set a minimum standard of evidence needed for a benefit claim to be assessed
  - Encourage accuracy in calculating benefit claims from the start of a claim.

### **Collaboration with Other Organisations**

- 4.31 Arrangements are in place and continue to develop 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, including the Police and Department for Works and Pensions.
- 4.32 The Council participates in the National Fraud Initiative (NFI) data matching exercise and thoroughly investigates the matches that are identified. Where any instances of fraud or overpayment are identified, action is taken to attempt to recover any losses

### **Investigation Reporting and Follow Up**

- 4.33 Instances of fraud and corruption often highlight a lack of adequate internal control. It may be that the system was weak or that the controls were bypassed or not in existence.
- 4.34 The Council expects all managers to respond to and act upon reports issued following any investigation. Recommendations made in any investigation reports must be implemented to reduce the risk of the event recurring within the timescale agreed.

### **Use of Information Systems**

- 4.35 Fraudulent or corrupt acts can be committed more easily if the Council's management information systems fail to generate the appropriate information to enable management to monitor activities in an effective manner.
- 4.36 There is an increasing risk of fraud perpetrated by using information systems technology and therefore managers should ensure that all employees are aware of the requirements of the Council's IT Security Protocol.

### **Annual Fraud Report**

- 4.37 An Annual Fraud Report will be produced by the Audit and Information Assurance Manager with the key aims of:
- Evaluating the Council's anti-fraud and corruption arrangements against best practice
  - Assessing whether the level of resource invested in anti-fraud and corruption activity is proportionate to the assessed level of risk facing the Council
  - Assessing the Council's resilience to fraud and corruption
  - Recommending any improvements to the Council's existing anti-fraud and corruption arrangements

### **Links to Other Council Policies & Strategies**

- 4.38 The Anti-Fraud and Corruption Strategy has clear links with and dependencies on the following:
- Fraud Response Plan
  - Whistle-blowing Code
  - Financial Regulations
  - Contract Procedure Rules
  - Anti-Bribery Policy & Procedures
  - Anti-Money Laundering Policy
  - Codes of Conduct for employees and members
  - IT Security Protocol

### **Review of Strategy**

- 4.39 The Anti-Fraud and Corruption Strategy will be subject to regular review as part of the Annual Fraud Report, which will propose any required changes to it