

STRATEGY FOR DEALING WITH THEFT, FRAUD AND CORRUPTION



JUNE 2008

WYRE FOREST DISTRICT COUNCIL

STRATEGY FOR DEALING WITH THEFT, FRAUD AND CORRUPTION

1. Introduction

- 1.1 The Council has established a policy on theft, fraud and corruption which embodies the General Principles in Public Life and the Nolan Principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. This policy will be widely publicised.
- 1.2 Where there is a suspicion or complaint that the policy has been violated, the Council will use the existing mechanisms to investigate and deal with the problem. This strategy brings the mechanisms together, and makes the relationships between them explicit. It describes how the Council implements its Policy for dealing with theft, fraud and corruption.
- 1.3 The Council's objective is to make rational decisions which will allow it to operate in ways that make theft, fraud and corruption difficult to commit, likely to be detected, and then certain to be punished.
- 1.4 The procedures referred to in this Strategy are subject to continuous review to ensure that change in the organisation does not make the guidance irrelevant or unhelpful over time.
- 1.5 **Fraud** is the intentional distortion of financial statements and accounting records and/or misappropriation of assets. These activities are offences under either the Theft Act 1968 or Criminal Justice Act 1987.
- 1.6 **Corruption** is the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person to act against the interest of the organisation. Corruption in the public sector is an offence under the Prevention of Corruption Acts of 1889, 1906 and 1916.

2. Responsibilities

- 2.1 Each individual member of the Council and Council employee is responsible for his/her own conduct, and for playing a part in the safeguarding of corporate standards. This policy applies to all Council employees which include self-employed contractors of the Council, agency workers, individuals on work experience or vocational training schemes. This means that:
 - (i) their own behaviour should be above reproach;
 - (ii) where they are aware of, or suspect, that others may be behaving improperly, or have reason to believe that the Council's systems (including those systems involving money or financial systems) may be unsound, they have a duty to report this to an appropriate officer being one of the following officers: the Head of Service (or as directed by that officer), Financial Services Manager (the Council's Chief Auditor), Head of Legal & Democratic Services, Head of Human Resources or the Chief Executive .

2.2 The Council recognises that real-life problems don't always fit neatly into pigeonholes. The roles and responsibilities form a continuum, and can overlap. This means that something being investigated as a financial matter may turn out to be purely a personnel issue, and vice versa – the Council relies on the professionalism of its employees to discuss and resolve such issues as they arise.

3. Prevention & Detection

3.1 The Council will take all reasonable steps to ensure that theft, fraud and corruption are difficult to perpetrate. This will be achieved through:

3.1.1. **sound systems:** the Council's overall control culture is defined in its Standing Orders and Financial Regulations and procedures. For individual financial systems these are supplemented by detailed guidance provided by the Internal Audit Section of the Financial Services Division. The guidance has the intention to make it relatively difficult for systems to be bypassed, and promote the inclusion of internal controls and satisfactory separation of duties in order to prevent and detect errors and frauds. In case of difficulty the Internal Audit Section has an advisory role.

3.1.2 **good employee selection:** the Council takes care to employ individuals who are both honest and competent, by taking up references in all cases, and using a methodical and thorough approach to shortlisting and interviewing. This is set out in the Recruitment and selection roles provided by the Human Resources Division. A policy on Equal Opportunities has been adopted by the Council.

3.1.3 **Members' and Employee Codes of Conduct:** the Council expects both its Members and employees to lead by example. The Codes of Conduct set out the standards which elected members and employees are expected to meet in conducting Council business, and working relationships. Employees who fail to live up to the standards are liable to disciplinary action. There are different mechanisms that apply to members.

Registers of members' pecuniary interests and non pecuniary interests are maintained by the Head of Legal and Democratic Services Committee Section.

Registers of employee's pecuniary interests and non pecuniary interests are maintained within each Division as directed by the Head of Service.

There is no universal system of gift registers, because gifts worth less than £10 are generally acceptable (and not worth recording), and larger gifts should not be accepted at all (and so do not need to be recorded). Guidance on gifts is contained within the Personnel Handbook.

3.1.4 At **Wyre Forest District Council:** there is an expectation that employees will do things right, even where formal controls are absent as they understand their responsibility to the community at large. We have adopted guiding principles and values within the Corporate Plan that all employees are expected to adhere to.

- 3.1.5 **Employee training:** the Council views appropriate training as necessary to get the job done professionally and effectively. As well as receiving appropriate training in post, employees are encouraged to seek guidance when there is any doubt about what to do. This is supported by the advisory role of the Internal Audit Section of Financial Services.
- 3.1.6 **Monitoring of financial systems:** to ensure that they are operating properly is carried out by budget holders and the Accountancy section of Financial Services. Combined with periodic system review by the Internal Audit Section (see 4.1.7), this ensures that system operation problems are likely to be detected and corrected swiftly.
- 3.1.7 **System shortcomings:** it will be very helpful to the prevention of theft, fraud and corruption if members, employees and other citizens report potential for something to go wrong because of evident weaknesses in systems, as well as actual occurrences. They should report weaknesses or failures in systems to the Internal Audit Section of Financial Services.

4. **Investigation**

- 4.1 The Council will act promptly on any information about theft, fraud or corruption, in order to protect its assets and good name. All allegations, particularly anonymous ones, will be treated with care and discretion, because of the risk of misunderstanding of circumstances for which there is a reasonable explanation, and the risk of malicious allegations. All investigations must have regard to the Human Rights Act, Regulation of Investigatory Powers Act, Data Protection Act and other specific legislation advised by Legal Services.
- 4.2 It is important that only properly trained officers carry out investigation work. Employees should report their suspicions or concerns using the guidance in the Fraud Response Plan and should not attempt any form of investigation of their own.
- 4.3 **Benefit Fraud Section:** the Council has a separate Section within the Benefits section of Financial Services to investigate possible frauds. Employees in this section specialise in the necessary techniques and are well-versed in the legislation involved, so that cases can be investigated promptly and effectively, leading to prosecution where this is the correct course.