

# SEFTON M.B.C.

## ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

### 1.0 Introduction

- 1.1 This document sets out the Council's policy in relation to Fraud, Bribery and Corruption. It has the full support of the Council's Members, Management Board and all Directors.
- 1.2 Sefton Metropolitan Borough Council takes its responsibility to safeguard public money very seriously. Fraud, Bribery and Corruption undermine standards of service and reduce the resources available for legitimate use.
- 1.3 The people of Sefton are entitled to expect the Council to operate with integrity, honesty and openness. Quite rightly they demand the highest standards from all those connected with the Council in any official capacity. The Council is, therefore, committed to combating all forms of fraud and corruption, whether these are attempted from within or are external to the organisation.
- 1.4 The aim of this Policy is to clearly communicate the measures that the Council has put in place to minimise the risk of Fraud, Bribery and Corruption occurring and the action that should be taken if it is suspected.

### 2.0 What is Fraud, Bribery and Corruption?

- 2.1 Fraud and corruption are defined by the Audit Commission as:

**Fraud** – *“the intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain”*

**Corruption** – *“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”*

- 2.2 The Fraud Act 2006 goes into more detail and identifies 3 categories of fraud:

- i) false representation – a person dishonestly makes a false representation in order to make a gain for themselves (or others) or to cause loss to another person. A representation is false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading.
- ii) failure to disclose information – a person fails to disclose to another person information which they are under a legal duty to disclose in order to make a gain for themselves (or others) or to cause loss to another person.
- iii) abuse of position – a person occupies a position in which they are expected to safeguard, or not act against, the financial interests of another person and then dishonestly abuses that position in order to make a gain for themselves (or others) or to cause loss to another person.

- 2.3 The Bribery Act 2010 which comes into force April 2011 provides a new consolidated scheme of bribery offences including:-

- **Making a Bribe** - *“offering, promising or giving a financial or other advantage with the intention of inducing or rewarding the improper performance of a relevant*

function or activity or as a reward for such improper action”

- **Accepting a Bribe** - “requesting, agreeing to receive or accept financial or other advantage for the improper performance of a relevant function or activity or as a reward for such improper action”

Employees convicted under the Act can face a maximum penalty of ten years imprisonment and / or a large fine.

### **3.0 Culture**

3.1 Sefton Metropolitan Borough Council is firmly committed to creating an environment in which the risk of fraud, bribery and corruption is minimised. This is achieved by promoting a culture of openness and honesty in all Council activities.

3.2 The Nolan Committee set out the seven guiding principles that apply to people who serve the public – see below. The Council bases its culture around these principles and elected members and officers are expected to apply them during the course of their official duties.

- **Selflessness**

*Holders of public office take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.*

- **Integrity**

*Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.*

- **Objectivity**

*In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.*

- **Accountability**

*Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.*

- **Openness**

*Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.*

- **Honesty**

*Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.*

- **Leadership**

*Holders of public office should promote and support these principles by leadership and example.*

- 3.3 Equally, members of the public, clients and external organisations (such as suppliers and contractors) are expected to act with integrity and honesty and without intent to commit fraud against the Council in any dealings they may have with us.
- 3.4 The Council's elected Members and employees are positively encouraged and expected to raise any concerns if they suspect fraud, bribery and / or corruption. The public also has a role to play in this process and should inform the Council if they feel that fraud, bribery or corruption may have occurred.

#### **4.0 Prevention and Detection**

- 4.1 The Council acknowledges that it is the responsibility of all its managers to establish and maintain sound systems of internal control and to ensure that the Council's resources are properly applied on the activities intended. This includes responsibility for the prevention and detection of fraud, bribery and corruption. This responsibility is supplemented by the work of the Internal Audit Section which independently examines, evaluates and reports on the adequacy and effectiveness of the Council's internal controls. Internal Audit works closely with managers to ensure a comprehensive system for the prevention and detection of fraud, bribery and corruption.
- 4.2 The Council's main rules and internal control procedures aimed at preventing fraud, bribery and corruption are set out in Appendix 1. Whilst the list is not exhaustive it serves to demonstrate the wide range of policies and other measures that have been established with the aim of combating fraud, bribery and corruption.

#### **5.0 Reporting**

- 5.1 The operation of preventive systems, particularly internal control systems within the Authority, help to deter any fraudulent activity. However, these systems are not infallible and such activity may nevertheless occur. It is often the alertness of Members, employees and the public to the possibility of fraud that leads to detection and investigation.
- 5.2 The Council encourages its employees to report concerns about fraud, bribery and corruption within the Council through its Confidential Reporting Policy ("Whistleblowing Policy"). Normally such reports will be made via the employee's line manager but, if necessary, there are alternative routes available. These can be to:
- The Chief Executive
  - The Head of Corporate Legal Services (Monitoring Officer)
  - The Head of Corporate Finance & ICT
  - Strategic and Service Directors
  - The Chief Internal Auditor
- 5.3 Line managers will report any matters referred to them to their Director who will deal with such issues in accordance with the Council's Constitution (Financial Procedure Rules / Accounting Instructions).
- 5.4 Employees must feel free to report their concerns without fear of intimidation. Allegations will be taken seriously and dealt with fairly. All employees are ensured of confidentiality through the relevant legislation (Public Interest Disclosure Act 1998). However, it should be emphasised that abusing this process by raising unfounded, malicious allegations will be treated as a serious disciplinary matter.
- 5.5 Members of the public are encouraged to report any concerns or suspicions through:
- The Chief Executive
  - The Head of Corporate Finance & ICT
  - Strategic and Service Directors
  - The Chief Internal Auditor

- 5.6 Complaints against elected Members of the Council should be made in the first instance to the Council's Monitoring Officer (Head of Corporate Legal Services).
- 5.7 If an elected Member is approached or advised of any concerns regarding fraud or corruption, the Member should refer the matter to:
- The Chief Executive
  - The Head of Corporate Finance & ICT
  - Strategic and Service Directors
  - The Chief Internal Auditor
- 5.8 Housing Benefit and Council Tax Benefit are the main areas for fraud in the Council. A Benefit Fraud Investigation Team is provided by arvato government services (Sefton) Ltd on behalf of the Council. The team is staffed with trained investigators who specifically deal with these investigations. They can be contacted on 0151 934 4182 or 4095. An answer phone service is available if you want to leave a message. They also have a Benefit Fraud Hotline. This is a freephone number which the public can use to provide information on fraudsters. The hotline number is 08000 56 7000.

## **6.0 Investigation and Prosecution**

- 6.1 The Constitution (Financial Procedure Rules) provides a framework for the investigation of suspected fraud, bribery and corruption.
- 6.2 The Council's policy is to deal firmly with cases where the outcome of the investigation indicates improper behaviour. This will involve referring the matter to the police for investigation and prosecution where appropriate and, in the case of employee fraud, involve invoking the Council's disciplinary procedures (which may also involve referral to the police, as appropriate). At all times, the Council will ensure that internal proceedings do not prejudice any ongoing criminal investigation.
- 6.3 Benefit fraud is a criminal offence and the Council, in line with its Prosecution and Sanctions Policy, will not hesitate to prosecute benefit fraud offenders or administer any other appropriate sanction.
- 6.4 The Council will, wherever possible, seek to recover any losses suffered as a result of fraud or corruption

## **7.0 Deterrence**

- 7.1 The Council will employ a variety of measures to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are internal or external to the Council. These may include:
- publicising the fact that the Council is firmly set against fraud, bribery and corruption and states this at every opportunity e.g. clauses in contracts, statements on benefits claim forms, publications, etc.
  - acting firmly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, etc.
  - not being afraid to investigate difficult or uncomfortable cases.
  - having sound internal control systems, that still allow for change, but at the same time mitigate against the opportunity for fraud, bribery and corruption
  - the operation and advertising of a fraud hotline in the Benefit Fraud Investigation Team
  - encouraging local press coverage of all criminal proceedings resulting in a successful prosecution
  - taking action to effect the maximum recoveries for the Council e.g. through agreement, court action, penalties, insurance and any other appropriate method

## **8.0 Training and Awareness**

- 8.1 The Council recognises that the continuing success of its Anti-Fraud, Bribery and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training, communication and responsiveness of officers throughout the organisation.
- 8.2 Communication of this Policy will be included in induction training, both for elected Members and new employees of the Council.
- 8.3 Awareness will be raised by publishing this Policy on the Council's intranet and internet sites.

## **9.0 Summary**

- 9.1 Sefton Council has a corporate determination to create an anti fraud culture within the organisation and to take appropriate action when fraud, bribery and corruption and irregularities come to light. A clear network of policies, systems and procedures has been established to assist in this fight against fraud, bribery and corruption.
- 9.2 The Council is committed to ensuring that, as far as possible, there is a wide awareness and circulation of this Policy to all stakeholders in order that all relevant parties understand the very high standards which the Council is determined to observe in all its business.
- 9.3 The Anti Fraud, Bribery and Corruption Policy is a Corporate Policy. Responsibility for review rests jointly with the Head of Corporate Finance & ICT, Head of Corporate Legal Services and Personnel. It will be subject to regular review to ensure it remains relevant and up to date.

## **The Council's Procedures, Rules and Codes of Conduct**

The Council's main rules and procedures aimed at preventing fraud, bribery and corruption are as follows:

- Financial Procedure Rules (set out in the Constitution)
- Contract Procedure Rules (set out in the Constitution)
- Local Government Code of Conduct for Members
- Employee Code of Conduct
- Code of Conduct for Councillors and Officers Dealing with Planning Matters (set out in the Constitution)
- Responsibility for Functions (set out in the Constitution)
- Effective Recruitment and Selection Procedures
- Handbook of Personnel Procedures
- Internet and E-mail Policy
- Procurement Strategy
- Confidential Reporting ("Whistleblowing") Policy
- An Effective Complaints Procedure
- Effective Disciplinary Procedures
- Sanctions and Prosecution Policy

In addition, the following internal control measures are also in force :

- The Council has appointed the Head of Corporate Legal Services to act as Monitoring Officer (MO). The MO has a duty to report to the Council where it appears that any proposal, decision or omission by the Authority, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- The Council has established a Standards Committee to promote and maintain high standards of conduct and ethical practices within the Council.
- Staff from the Internal Audit section, the Benefit Fraud Investigation Team and Housing Benefits section are members of the online National Anti Fraud Network. This is an intelligence agency that provides local authorities with access to a network of best practice in fraud prevention and detection.
- The Head of Corporate Finance & ICT has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs.
- Under the Accounts and Audit Regulations 2003, the Council is required to maintain an adequate and effective system of Internal Audit. This responsibility has been delegated to the Head of Corporate Finance & ICT. Internal Audit evaluates risk management processes and reviews the adequacy and effectiveness of internal control throughout the organisation.
- The Council supports the Central Government anti-fraud policies regarding the Benefits Sector and has, in response, established a dedicated Benefit Fraud Investigation Team, now undertaken by arvato government services (Sefton) Ltd. The team is staffed with fully trained investigators. The Council fully supports the work of the team in the prevention, detection, deterrence and prosecution of fraud in the Benefits Sector.
- A Benefit Fraud hotline has been set up enabling the public to notify the Council of any concerns regarding benefit fraud in total confidence.
- A rigorous recruitment and selection process seeks to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references for potential employees are obtained before employment offers are made and CRB checks are carried out where appropriate.
- A Corporate Risk Register has been compiled and is regularly reviewed and submitted to Audit & Governance Committee.
- Departmental Risk Registers have been compiled and included in Departmental Service Plans.
- The Council subscribes to local and national data matching initiatives.