

APPENDIX B

ANTI-FRAUD STRATEGY STATEMENT

1.0 Introduction

- 1.1 As with other organisations Tandridge District Council ('TDC') is at risk of losses through fraud, bribery and corruption. The Council recognises that as well as causing financial loss such activities are also detrimental to the provision of services and damaging to the reputation of and confidence in the Council. To safeguard itself the Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk within existing resources.
- 1.2 TDC therefore advocates **strict adherence** to its anti-fraud, bribery and corruption policy. Whilst individual circumstances of each case will be carefully considered, in most cases there will be a **zero-tolerance** approach to fraud, bribery and corruption in all its forms. TDC will not tolerate fraud, bribery or corruption by its Members, Officers, suppliers, contractors, partners, service users or the public and will take all necessary steps to investigate all allegations of fraud, bribery or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, civil action for recovery and/or referral to the Police and/or other agencies. The required ethical standards are included in the Members' Code of Conduct and Employees' Code of Conduct.
- 1.3 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 and has developed Financial Regulations, codes of practice and business rules. In addition to direct control, the Section 151 Officer exercises quality control on financial administration through delegation of responsibilities to officers including the Finance Business Partners, officers in Exchequer and Officers in Revenues and Benefits. Transactional and procurement approval is subject to, as a minimum, dual control.
- 1.4 The Head of Legal Services & Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for Officers to follow the Council's policies and procedures to demonstrate that the Council is acting in an open, transparent and lawful manner.
- 1.5 TDC has a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. This Strategy is an integral part of a range of policies and procedures that provide a corporate framework to help counter any fraudulent activity. These have been formulated in line with the appropriate legislative requirements and professional best practice and include:

- Whistleblowing policy
- Anti-fraud; bribery and corruption policy
- Code of Corporate Governance
- The Constitution including Contract Standing Orders and Financial Regulations
- Employee Handbook
- Codes of Conduct for Councillors and Officers
- Anti-Money Laundering Guidelines
- IT Security Policy

2.0 Objectives

2.1 The objectives of the Strategy are to:

- Ensure that TDC is protected against fraud and loss.
- Protect the TDC's valuable resources by ensuring they are not lost through fraud but are used for improved services to Tandridge residents and visitors.
- Create an "anti-fraud" culture which highlights TDC's zero tolerance of fraud, corruption and theft, which defines roles and responsibilities and actively engages everyone (the public, Councillors, Officers).

2.2 TDC intends to develop its "anti-fraud culture" by:

- Making new Officers aware of their responsibilities as part of the induction process by completing a Workrite fraud online course "Anti Money Laundering and Anti Bribery and Corruption"
- Updating TDC's Anti-Fraud and Whistleblowing policies regularly so that they take account of updated national guidance and advice, and publicising these changes through a Committee report;
- Commissioning Internal Audit to work with managers to ensure new and existing systems, procedures and policy initiatives consider any fraud risks and anti-fraud controls are built in. The Council commits to ensuring that recommendations arising from internal audit reports are addressed.
- Creating an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, TDC will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, disciplinary or legal action may be taken.
- Publicising an annual fraud report to the Audit and Scrutiny Committee.

3.0 Pursue

3.1 TDC will take robust and appropriate action to investigate, punish and recover funds from those who seek to defraud it.

3.2 We will seek the strongest available sanctions against any member of the public, contractor, Member or Officer who commit fraud against TDC, its

clients or the public purse. This may include prosecution and additionally for Officers, disciplinary action.

- 3.3 Where appropriate TDC will also work with other public authorities, including the Police, DWP and our insurance providers. We will share information to prevent, detect and investigate acts of fraud against the public purse.
- 3.4 TDC will always seek to recover any funds or assets that have been lost due to fraud and will use all means available to do so under its Debt Recovery Strategy and where appropriate using Proceeds of Crime Act legislation.
- 3.5 TDC will seek to publicise the outcomes of such investigations in the annual fraud Report, to provide the public with the assurance that public funds are being protected and to act as a deterrent to those that may consider committing fraud in the future.

4.0 Responsibilities

- 4.1 TDC's expectation is that Councillors and Senior Managers (Extended Management Team) will lead by example and that Officers at all levels will comply with the Constitution, TDC policies, Financial Regulations, Contract Standing Orders and Codes of Conduct.
- 4.2 Senior Managers have a responsibility for ensuring and maintaining adequate system controls within their departments. This includes the responsibility for the prevention and detection of fraud and ensuring that their Officers are aware of their responsibilities in this regard.
- 4.3 The Audit and Scrutiny Committee on behalf of TDC undertakes the following:
 - a. Formulate and approve policy documentation in respect of Anti-Fraud and Corruption processes and ensure the adequacy and effectiveness of their application throughout the Authority.
 - b. Review and ensure that adequate arrangements are established and operating to deal with situations of suspected or actual wrongdoing, fraud and corruption.

5.0 Reporting

- 5.1 If Officers believe that someone is committing a fraud or suspects bribery or corrupt practices, these concerns should be raised in the first instance directly with their line manager.
- 5.2 Where line managers are made aware of suspected fraud by Officers, they have responsibilities for passing on those concerns to the Section 151 Officer. Managers should react urgently to evidence of potential fraud or corruption.

- 5.3 Members of the public can report concerns through TDC's complaints procedures or by contacting their elected member, SIAP Internal Auditors or the Local Government Ombudsman.
- 5.4 Reporting is essential to this Strategy and:
- Ensures the consistent treatment of information regarding fraud, bribery and corruption.
 - Facilitates proper investigation by experienced auditors or investigators.
 - Ensures the proper implementation of a fraud response investigation plan.
 - Ensures appropriate employment procedures are followed.
 - Ensures the interests of the people of Tandridge District and the Council are protected.
- 5.5 An annual report will be presented to the Audit and Scrutiny Committee and Members will be made aware of any material fraud or attempted fraud.

Appendix 1: Definition of terms

As per the Fraud Act 2006, fraud is a criminal offence. Fraud is any action taken by an individual, group or organisation which is designed to facilitate dishonest gain at the expense of (or loss to) TDC, the residents of Tandridge or the wider national community and can include:

- **Fraud by False Representation:** Dishonestly making a false representation, and intend by making the representation, to make a gain for themselves or another, or cause a loss or expose another to a risk of loss.
- **Fraud by (wrongly) failing to disclose information:** Dishonestly failing to disclose information which they are under a legal duty to disclose, and intend by failing to disclose the information, to make a gain for themselves or another, or cause a loss or expose another to a risk of loss.
- **Fraud by abuse of position:** Occupying a position in which the post holder is expected to safeguard, or not act against, the financial interests of another person, dishonestly abuse that position, and intend by such abuse, to make a gain for themselves or another, or cause a loss or expose another to a risk of loss.

Theft is stealing any property belonging to TDC or which has been entrusted to it (i.e., client funds), including cash, equipment, vehicles, data. Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or members whilst on council premises.

A person is guilty of theft under the Theft Act 1968 if they 'dishonestly appropriate property belonging to another with the intent of permanently depriving the other of it' or they dishonestly retain a wrongful credit. For example, where they do not report and repay an overpayment of salary or advance.

Corruption is defined as an act done with the intent to give some advantage which is inconsistent with a public servant's official duty and the rights of others. In the public sector it can also be defined as the abuse of power by a public official for private gain. Forms of corruption vary but include bribery, extortion, nepotism, cronyism, embezzlement.

Bribery is defined as the offering, giving, soliciting or acceptance of inducements or reward designed to influence official action or decision making. Under the Bribery Act 2010, organisations are expected to implement anti-bribery measures and both organisations and individuals can face significant penalties for failure to meet these requirements.

Money laundering is the process by which the proceeds of crime are changed so that they appear to come from a legitimate source. Legislation concerning money

laundering is included within the Proceeds of Crime Act 2002 (the POCA) and Money Laundering Regulations 2007.

A **Whistleblower** is a person who tells someone in authority about alleged improper, unethical, dishonest or illegal conduct, including fraud occurring in any public or private organisation.

The Public Interest Disclosure Act 1998 provides legal recourse for an employee raising the concern should they feel they have been treated unfairly as a result of "whistleblowing".