



# Anti-Fraud and Corruption Strategy

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<b>Vicky Chuter, Financial Reporting Manager, Corporate Finance Tel: 03302 223414 Vicky.chuter@westsuss ex.gov.uk</b>	Version 2

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## **A. Policy Statement**

### **1. Introduction**

- 1.1. West Sussex County Council (WSCC) is one of the largest organisations in the county, with assets, interests and annual transactions running into £ billions.
- 1.2. Fraud against Local Government is estimated to cost over £7 billion per year. This is a significant loss to the public purse. To reduce these losses West Sussex County Council is committed to:
  - The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
  - The prevention of fraud and the promotion of an anti-fraud culture.
  - A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
  - The investigation of a risk-based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.

### **Definitions of Fraud**

- 1.3. The Council has adopted the standard definitions of fraud as outlined in the Fraud Act 2006 as 'any activity where deception is used for personal gain or to cause loss to another.' Fraud can be committed in one of three ways:
  - **Fraud by false representation** – Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.
  - **Fraud by failing to disclose information** – Examples include failing to disclose a financial interest in a company WSCC is trading with or failing to disclose a personal relationship with someone who is applying for a job at the Council.
  - **Fraud by abuse of position** – Examples include a carer who obtains money or gifts by deceiving the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.
- 1.4. While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

## Definition of Corruption

- 1.5. The Council defines corruption as the abuse of entrusted power for private gain involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.<sup>1</sup>

## B. Standards & Culture

- 2.1. The County Council commits to high standards of integrity, honesty and transparency in its operations, contractual arrangements and financial systems and has a range of policies and controls to ensure employees and elected Members are able to maintain these standards and obtain assurance that they are effective.
- 2.2. WSCC promotes a culture of honesty and opposition to fraud and corruption based on the Seven Principles of Public Life, as set out by Lord Nolan in 1995. The Council will ensure probity in local administration and governance and expects the following from all employees, agency workers, volunteers, suppliers and those providing services under a contract with WSCC.
- **Selflessness** - Act solely in terms of the public interest.
  - **Integrity** - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any conflicting interests and relationships.
  - **Objectivity** - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Accountability** - Be accountable to the public for their decisions and actions and must be prepared for the scrutiny necessary to ensure this.
  - **Openness** - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - **Honesty** - Be truthful and avoid any situation where honesty may be questioned or perceived to be compromised.
  - **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 2.3. The Council's Members, employees and other stakeholders are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns they may have. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Protection is afforded to individuals through the

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<sup>1</sup> HM Government (2014) UK anti-corruption plan.

Council's Whistleblowing Policy which is available on the County Council's intranet. If necessary, a route other than via a line manager may be used to raise such concerns. Examples of such routes are:

- Internal Audit - Fraud Hotline - 0330 2228666; fraudhotline@westsussex.gov.uk
- The Chief Finance Officer (Director of Finance and Support Services) or Monitoring Officer (Director of Law and Assurance)
- Confidential Reporting Contact Officer as set out in the Whistleblowing Policy
- Directors/Assistant Directors/Heads of Service.

2.4. Members of the public are also encouraged to report concerns through any of the above routes, or if appropriate, through the County Council's Complaints Procedure.

### **Other relevant policies and procedures**

2.5. In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These include:

- Anti-Bribery Policy and Procedures (November 2015, next review in 2023)
- Anti-Money Laundering Policy (May 2023, next review June 2026)
- Whistleblowing Policy (July 2020)
- Code of Governance (February 2022)
- Disciplinary Policy and Procedures (January 2021)
- Financial Regulations (July 2018, under review in 2023)
- Code of Conduct (December 2022)
- Guidance on Propriety and Official Conduct (November 2016)
- Standing Orders on Contracts and Procurement (October 2022)

## **C. Roles and Responsibilities**

### **3.1 The Role of Employees**

- 3.1.1. WSCC expects its employees, including those working in maintained schools, to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to their Head of Service, to the Director of Finance and Support Services or to the Counter Fraud Unit - Southern Internal Audit Partnership (SIAP), details as set out in paragraph 2.3 above.
- 3.1.2. Employees are expected to be familiar with and to comply with the Guidance on Propriety and Official Conduct, Financial Regulations, Standing Orders on Contracts and Procurement, their Directorate Scheme of Delegation and the Council's policies and procedures relating to their area of operation.
- 3.1.3. It is the responsibility of every employee to ensure that they are aware of these policies and procedures. Where employees are also members of professional bodies, they should also follow the standards of conduct laid down by them.
- 3.1.4. Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.

- 3.1.5. Employees are required to provide a written declaration of any financial and non-financial interests or commitments, which may conflict or may be reasonably perceived to conflict with WSCC's interests. WSCC Financial Regulations specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the relevant Director.
- 3.1.6. Failure to disclose an interest or the acceptance or offering of an inappropriate reward may result in disciplinary action or criminal liability (in which case the matter will be referred to the police). Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted in accordance with the Council's policy on propriety and official conduct.
- 3.1.7. Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur and the risks of fraud within their directorates and should ensure the communication and implementation of this strategy within their area of service or operational responsibility.
- 3.1.8. Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

## **3.2 The Role of Elected Members**

- 3.2.1 As elected representatives, all Members of West Sussex County Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute and in accordance with the Council's policies and systems of control.
- 3.2.2 This is achieved through Members operating within:
- The Council's Code of Conduct (Constitution Part 5)
  - Sections 30 to 32 of the Localism Act 2011 (rules about personal interests)
  - The Council's Constitution including the Council's Standing Orders and scheme of delegation.

## **D. Prevention**

### **4.1. Responsibilities of Employees and their managers**

- 4.1.1. 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 employees, in terms of their propriety and integrity. In this regard temporary and agency workers should be treated in the same manner as permanent employees.
- 4.1.2. Employee recruitment is required, therefore, to be in accordance with procedures laid down by the County Council and applied by Human Resources and, in particular, to obtain at least two written references regarding known honesty and integrity of potential staff and also to

verify qualifications held before unconditional employment offers are made. Equivalent checks will be made through employment agencies where appropriate.

- 4.1.3. Employees are expected to follow any code of conduct related to their personal professional body and also abide by the Council's Standards of Conduct which are referred to in all contracts of employment and can be accessed via the Intranet.
- 4.1.4. The Council has in place a Disciplinary Procedure for all employees which includes a robust investigation procedure.
- 4.1.5. The role that employees are expected to play in the Council's framework of internal control will feature in staff induction procedures and all staff must complete the required elements of induction and managers must ensure this happens.
- 4.1.6. Employees are reminded that under the Council's Standing Orders they must operate within Section 117 of the Local Government Act 1972. This covers the disclosure of pecuniary interests in contracts relating to the County Council and the duty to avoid receiving any fees or rewards for their work other than their proper remuneration. All employees must declare offers of any gifts and hospitality to their Director for approval before acceptance and for inclusion on the corporate register. These requirements as well as guidance on bequests are set out in the Council's Guidance on Employee Conduct and Propriety which can be accessed via the HR Zone on the Intranet. The requirements are also set out in the Council's Anti Bribery Policy and Procedures.

## **4.2. Responsibilities of Management**

- 4.2.1. The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate controls in place, that those controls are operating as expected and being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction with financial consequences without some form of recorded checking or approval process being built into the system.
- 4.2.2. Managers are responsible for following up and escalating any allegation of fraud or corruption received. There is a need to ensure that any investigation process is based on credible evidence or reliable grounds for suspicion and is not misused. Any abuse such as raising unfounded or malicious allegations will be dealt with as a serious matter which may result in disciplinary action.

## **4.3. Contractors, Suppliers and Service Providers**

- 4.3.1. The County Council expects that:
  - Individuals and partners (e.g. suppliers, contractors) will act towards the Council with integrity and without intentions or actions involving or creating risks of fraud and corruption;

- Contractors will be able to demonstrate that they have adequate systems of control to ensure the prevention and detection of fraud and corruption in relation to services provided to or for the Council;
- All employees or representative of partners or others the Council has dealings with should report any concerns they have through the Fraud Hotline, Whistleblowing Policy or Complaints Procedure.

4.3.2. The County Council will, wherever practicable make it a condition of the contract that:

- (a) the contractor and the contractor's representatives shall familiarise themselves with the Council's Standing Orders on Procurement and Contracts, the Council's Anti-fraud and Corruption Strategy, the Council's Whistleblowing Policy, and the Council's dedicated fraud reporting hotline, and
- (b) if any of the contractor's representatives makes a protected disclosure (as defined by relevant law) that representative shall not for that reason be subjected to any detriment or disadvantage by the contractor or anyone acting for them.

#### **4.4. Responsibilities of Partnerships and Voluntary Organisations**

4.4.1. All partnerships and joint working arrangements that are in receipt of Council funding or resources are expected to demonstrate appropriate mechanisms for control which ensure the prevention and detection of fraud and corruption.

4.4.2. Voluntary organisations should be expected to follow the standards set by the Council, including the need to report any concerns over possible fraud and corruption in relation to activities connected with the County Council or involving Council funds.

#### **4.5. Internal Control System for Financial Administration**

4.5.1. The Council's Constitution contains Standing Orders on Procurement and Contracts and Financial Regulations and there are separate detailed Financial Procedures in place which are an extension the Financial Regulations. These require staff, when dealing with the Council's affairs, to act in accordance with relevant statutory provisions and best practice.

4.5.2. The Director of Finance and Support Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs. The Director of Finance and Support Services has developed systems of control which underpin Financial Regulations and Financial Procedures and outline the systems, procedures and responsibilities of staff in relation to the Council's financial activity. The Director of Finance and Support Services also maintains a Head of Profession role within the Council and, through this, exercises, amongst other things, a quality control on financial administration.

4.5.3. The Council has developed and maintains systems and procedures which incorporate efficient and effective internal controls. These include adequate separation of duties to ensure that error and impropriety are



prevented. Under Financial Regulations Directors/Assistant Directors/Heads of Service must comply with the Director of Finance and Support Services' recommendations regarding the operation of financial procedures. Standing Orders on Procurement and Contracts require every contract to include an anti-corruption clause in a prescribed format.

- 4.5.4. The Council deploys a number of safeguards at different levels to minimise the risks of identity theft, IT fraud and theft from electronic systems. Access controls to the data network and financial systems are password protected.
- 4.5.5. External exposure to IT fraud and theft via electronic systems is prevented by the deployment of firewall technology, the use of encryption techniques and the separation of access controls.
- 4.5.6. There is a requirement for all staff to undertake data security training to safeguard data and reduce the risk of data loss to fraud and error.
- 4.5.7. The existence, appropriateness and effectiveness of these internal controls are independently monitored by the Council's Internal Audit service. Additionally, the Council's published Annual Governance Statement includes a review of the effectiveness of controls.
- 4.5.8. Under section 5 of the Local Government and Housing Act 1989 the Council has to appoint a Monitoring Officer. In West Sussex this is the Director of Law and Assurance.
- 4.5.9. It is the duty of the Monitoring Officer to report potential or actual illegality. Any type of fraud and corruption is illegal and, therefore, the Monitoring Officer will have a key role with the Section 151 officer in uncovering and dealing with allegations or instances of fraud and corruption.

#### **4.6. Working with Others**

- 4.6.1. 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. The Council participates in the National Fraud Initiative through the sharing and matching of mandated data with other public agencies.
- 4.6.2. With the rapid increase in recent years of frauds perpetrated against a variety of organisations, which usually include fraudsters having multi-identities and addresses, the necessity to liaise between organisations has become paramount, and some of these include:
  - Police;
  - Other local authorities;
  - Society of County Treasurers;
  - Heads of Audit Networks;
  - National Anti-fraud Network (NAFN);
  - South East Counter Fraud Hub
  - Appointed external auditors;

- Other outside agencies.

#### **4.7. National Fraud Initiative**

4.7.1. West Sussex County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by public and private sector bodies. Any positive matches (e.g. an employee on the payroll in receipt of housing benefit) are investigated.

#### **4.8. Training**

4.8.1. The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy will depend largely on risk awareness, the effectiveness of training and responsiveness of staff throughout the organisation.

4.8.2. To facilitate this, the Council will provide induction and ongoing training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. General Fraud Awareness eLearning is also available to all staff. The outcomes from training provided will be subject to continuous review to ensure effectiveness.

4.8.3. The likelihood of disciplinary action against staff who ignore such training and guidance is part of the Council's anti-fraud policy.

4.8.4. The investigation of fraud and corruption centres on SIAP's Counter Fraud Unit. It is essential therefore, that staff involved in this work should also be properly and regularly trained and the training plans of audit staff reflect this requirement.

#### **E. Detection and Investigation**

5.1.1. All Heads of Services and other managers must aim to prevent and detect fraud and corruption. This is achieved by maintaining good control systems within the organisation, and ensuring people work within them. All managers should assess the risk of fraud in their areas and take active steps to mitigate these risks.

5.1.2. The preventative systems, particularly internal control systems within the Council, have been designed to provide indicators of, and help to deter, any fraudulent activity.

5.1.3. It is often the alertness of the Council's employees and the public to indicators of fraud and corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

5.1.4. Many frauds are discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with. Contact details are shown within this Strategy in Section B and in the Fraud Response Plan.

- 5.1.5. As set out in the Financial Regulations and Procedures employees of the Council are required to report all suspected irregularities to their Director, who should then immediately inform the Director of Finance and Support Services (unless Whistleblowing procedures apply). In practice, for this purpose, the Head of SIAP represents the Director of Finance and Support Services. Reporting is an essential element of the Anti-Fraud and Corruption Strategy and ensures:
- Consistent treatment of information regarding fraud and corruption
  - Proper investigation by an independent and experienced audit team where appropriate
  - The proper implementation of a Fraud Response Plan
  - The optimum protection of the County Council's interests
  - The extent of the County Council's exposure to fraud can be measured and monitored.
- 5.1.6. Depending on the nature and the extent of the allegations, the Counter Fraud Unit will normally work closely with managers, HR professionals and other agencies, such as the police, to ensure that all allegations and evidence are properly investigated and reported upon and, where appropriate, maximum recoveries are made for the Council.
- 5.1.7. Any information passed on to the SIAP Counter Fraud Unit will be dealt with confidentially and fairly. When total anonymity cannot be absolutely guaranteed, every endeavour will be made not to reveal the names of those who pass on information and to inform such persons when anonymity cannot be maintained.
- 5.1.8. Managers in conjunction with advice from an HR professional will follow the Council's disciplinary procedures where the outcome of the audit investigation indicates improper behaviour.
- 5.1.9. The Council will normally inform the police of financial impropriety and expect them to independently investigate and prosecute where appropriate. Referral to the police is decided by the Director of Finance and Support Services (Chief Finance Officer) and Director of Law and Assurance with the relevant Director/Assistant Director/Head of Service and having taken into account the advice of the Head of Southern Internal Audit Partnership. Referral to the police will not prohibit action under the disciplinary procedure but it may affect its timing: the Monitoring Officer should always be consulted before initiating any disciplinary action when the matter has been referred to the police.
- 5.1.10. Where the Council has suffered loss, recompense will be sought for any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organisations responsible for fraud.

## **F. Conclusion**

- 6.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

- 6.2 To this end, the Council maintains a continuous overview of such arrangements and, in particular, through its Director of Finance and Support Services, management reviews and independent assessment by SIAP.
- 6.3 This Strategy will be subject to a 3-yearly review to ensure its currency.