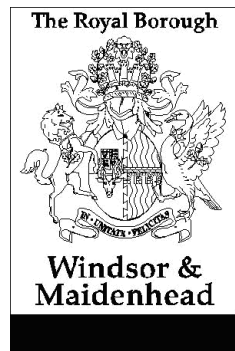


Report for: ACTION



Contains Confidential or Exempt Information	NO - Part I
Title	Resubmission of Corporate Anti-Fraud and Anti-Corruption Policy
Responsible Officer(s)	Richard Bunn, Interim Head of Finance
Contact officer, job title and phone number	Catherine Hickman, Service Manager – Shared Audit and Investigation Service, 07917 265742
Member reporting	Cllr Paul Brimacombe
For Consideration By	Audit and Performance Review Panel
Date to be Considered	28 June 2016
Implementation Date if Not Called In	Immediately
Affected Wards	All

REPORT SUMMARY

This report presents the Corporate Anti-Fraud and Anti-Corruption Policy which aids the Panel to discharge their responsibilities as stated in its Terms of Reference.

If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
Anti-fraud and anti-corruption work undertaken by the council is supported by robust policies and procedures thereby protecting both the interests of the residents and the council.	Immediately

1. DETAILS OF RECOMMENDATION

RECOMMENDATION: That Audit and Performance Review Panel consider and approve the Corporate Anti-Fraud and Anti-Corruption Policy.

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Background

- 2.1 Fraud and corruption undermine the aims of the council to deliver high quality services and provide value for money by being fully accountable, honest and open in everything that it does.
- 2.2 The council seeks to ensure that measures are taken to prevent, detect and investigate fraudulent or corrupt acts whether it is attempted on or from within the council.
- 2.3 The Council remains committed to a 'three pronged' campaign against all fraud by:-
- enhancing measures for the prevention of fraud
 - Implementing more effective deterrence
 - Improving detection measures
- 2.4 The Council's Anti Fraud and Anti Corruption Policy accommodates these three main aims by putting in place mechanisms that will prevent, deter and detect all known forms of fraud and corruption. The Policy summarises the responsibilities of Member, Officers, School Governors, Management and Employees and outlines the process to be followed where suspicion of irregularity is raised. The Policy equally applies to employees of school governing bodies.
- 2.5 It is important that the Anti Fraud and Anti Corruption Policy does not conflict with any other existing Council Policies. Wherever possible, due consideration will be given to following the current regulatory framework.
- 2.6 The policy supports the council's get tough stance on fraud and corruption and it's commitment to the prevention, detection and investigation into such matters. It embodies a series of measures designed to prevent any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. The work of the Corporate Investigations function within the Shared Audit and Investigation Service is built around the content of the Policy.
- 2.7 This report presents the Policy, which is attached at Appendix A (one copy with tracked changes and one without for ease of reading) will be made available on hyperwave.

Option	Comments
Approve the Policy. Recommended	This will ensure that activity undertaken on behalf of the council, complies with legislation.
Amend the Policy.	May result in legal challenge through not complying with legislation or inefficiencies for the Council.
Not approve the Policy.	May result in legal challenge through not complying with legislation or inefficiencies for the Council.

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Residents have confidence that public funds are being used economically, efficiently and effectively and that Council assets and interests are being safeguarded from misappropriation / loss.	<p>Significant financial losses to the Council.</p> <p>Loss of residents confidence.</p> <p>Council reputation may be affected.</p>	<p>Financial losses are identified and recovered.</p> <p>Gain residents confidence.</p> <p>Council reputation protected.</p>	N/A	N/A	31 March 2017

4. FINANCIAL DETAILS

Financial impact on the budget

There are no financial implications.

	2015/16	2016/17	2017/18
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	£0	£0	£0
Reduction	£0	£0	£0

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	£0	£0	£0
Reduction	£0	£0	£0

5. LEGAL IMPLICATIONS

- 5.1 Corruption Act 1906
- Fraud Act 2006
- Criminal Procedures and Investigations Act (CPIA) 1996
- Data Protection Act 1998
- Freedom of Information Act 2000

Human Rights Act 1998
 Local Government Finance Act 1992
 Police and Criminal Evidence Act (PACE) 1984
 Proceed of Crime Act 2002
 Regulation of Investigatory Powers Act (RIPA) 2000
 The Council Tax (Administration and Enforcement) Regulations 1992

6. VALUE FOR MONEY

6.1 Investigation work is planned to assist the council in ensuring that its assets are used efficiently and effectively and that they are being properly safeguarded against misappropriation, loss and fraud.

7. SUSTAINABILITY IMPACT APPRAISAL

7.1 N/A

8. RISK MANAGEMENT

Risks	Uncontrolled Risk	Controls	Controlled Risk
1. Failure to have and follow appropriate fraud policies leads to breach of legislation resulting in fines, investigation and reputation damage.	High	Appropriate fraud policies are in place, have been approved and are followed.	Low
2. Failure to provide an investigation service leads to major event, fraud and/or mismanagement of monies.	High	An appropriate investigations service is in place.	Low
3. Failure to have an investigation service in place to investigate potential losses.	High	An appropriate investigations service is in place.	Low

9. LINKS TO STRATEGIC OBJECTIVES

9.1 Helps the council accomplish its objectives by undertaking investigations into misappropriation, loss or fraud.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 N/A

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

11.1 N/A

12. PROPERTY AND ASSETS

12.1 N/A

13. ANY OTHER IMPLICATIONS

13.1 N/A

14. CONSULTATION

14.1 Consultation has taken place with the Corporate Management Team and S151 Officer.

15. TIMETABLE FOR IMPLEMENTATION

Date	Details
29/06/16	Policy will be implemented with immediate effect.

16. APPENDIX

16.1 Appendix A – Corporate Anti-Fraud and Anti-Corruption Policy.

17. BACKGROUND INFORMATION

17.1 Previous versions of the above mentioned Policy.

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Corporate Management Team (CMT)	Managing Director, All Strategic Directors, Head of Finance	02/06/16	09/02/16	MD - Updates to Policy approved.
Legal Services				
Human Resources				
Cllr Brimacombe	Chair of the Audit and Performance Panel			

REPORT HISTORY

Decision type:	Urgency item?
Non-key decision	No

Full name of report author	Job title	Full contact no:
Catherine Hickman	Service Manager, Shared Audit and Investigation Service	07917 265742

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
CORPORATE ANTI-FRAUD AND ANTI-CORRUPTION POLICY**

1. INTRODUCTION

The Royal Borough of Windsor and Maidenhead ('RBWM', 'The Council') aims to deliver high quality services and provide value for money by being fully accountable, honest and open in everything that it does.

Fraud and corruption undermine these aims by diverting resources from legitimate activities, damaging public confidence in the Council and adversely affecting staff morale.

To achieve its strategic priorities, the Council seeks to ensure that measures are taken to prevent, detect and investigate fraudulent or corrupt acts whether it is attempted on or from within the Council. The aim of this policy is to reduce losses from fraud and corruption to an absolute minimum.

2. DEFINING FRAUD

Fraud includes:

- a) falsification or alteration of accounting records or other documents;
- b) misappropriation of assets or theft;
- c) suppression or omission of the effects of transactions from accounting records of other documents;
- d) recording transactions which have no substance; and
- e) wilful misrepresentation of transactions or of the Council's state of affairs.

The Fraud Act 2006 defines fraud in three classes:

- a) fraud by false representation;
- b) fraud by failing to disclose information; and
- c) fraud by abuse of position.

3. DEFINING CORRUPTION

The Council defines corruption as the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the Council, its Members or Officers. Examples where this might occur::

- a) tendering and awarding of contracts;
- b) pecuniary interests of Members and Officers;
- c) the award of permissions, planning consents and licenses; and
- d) the disposal of assets.

4. FRAMEWORK FOR PREVENTION AND DETECTION

It is a management responsibility to maintain the internal control system and to ensure that the Council's resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.

5. KEY PRINCIPLES AND CULTURE

The Council is determined that the authority follows the ten general principles enumerated by the Committee on Standards of Public Life

- a) selflessness;
- b) honesty and integrity;
- c) objectivity;
- d) accountability;
- e) openness;
- f) personal judgement;
- g) respect for others;
- h) duty to uphold the law;
- i) stewardship; and
- j) leadership.

The Council expects Members (elected and co-opted) and employees (including agency staff, consultants and contractors) to lead by example in ensuring effective opposition to fraud and corruption. This includes ensuring adherence to legislation, local rules and regulations, National and Local Codes of Conduct and that all procedures and practices are beyond reproach.

6. RAISING CONCERNS

Employees at all levels should be alert to the possibility of fraud and corruption. They are expected and encouraged to raise any concerns relating to fraud and corruption. These can be raised in any way that the employee prefers, including with their line manager, through a Strategic Director, with the Shared Audit and Investigation Service or through the Council's Whistleblowing Policy (*'Raising concerns at work'*). Whichever route is chosen, the employee can be assured that concerns raised in good faith will be fully investigated and, wherever possible, those raising concerns will be heard in confidence.

When management receive concerns from employees or others regarding potential fraud or corruption, they should immediately contact the Service Manager- Shared Audit and Investigation Service with details of the concerns. The Service Manager- Shared Audit and Investigation Service will make preliminary enquiries and in consultation with the Section 151 Officer will determine whether there are grounds for an investigation.

Councillors, service users, suppliers, partner organisations and members of the public are encouraged to report any concerns. These concerns about fraud and corruption should be reported either directly to the Service Manager- Shared Audit and Investigation Service or via the Council's Whistleblowing Policy.

If employees feel that they are unable to use internal routes then they can contact the council's external auditors:

KPMG LLP
Darren Gilbert
100 Temple Street,
Bristol
BS1 6AG

Darren.Gilbert@KPMG.co.uk

Although the Council encourages its staff to report concerns acting in good faith, any maliciously motivated and unfounded allegations may be dealt with through the Council's disciplinary code.

7. CORPORATE GOVERNANCE

The main corporate policies and procedures which formulate the Council's framework for minimising risk and the prevention of fraud and corruption include:

- a) Anti-Fraud and Anti-Corruption Strategy
- b) Internal Audit Charter
- c) Contract Procedure Rules
- d) Finance Procedure Rules
- e) Human Resources Disciplinary Policy and Procedure
- f) Human Resources Code of Conduct for Employees
- g) Human Resources Recruitment and Selection Code of Practice
- h) Members' Code of Conduct
- i) Anti-Money Laundering Policy
- j) Officers' Code of Conduct;
- k) Prosecution and Sanction Policy;
- l) Risk Management Policy and Strategy
- m) Scheme of Delegation
- n) Whistleblowing Policy; and
- o) Anti-Bribery Policy

8. CORPORATE RESPONSIBILITY

Heads of Service must ensure that all employees in their service are familiar with the corporate policies and procedures listed above, in addition to any other relevant rules and regulations specific to their service. Failure to adhere to these policies and procedures could result in the instigation of disciplinary procedures.

9. RECRUITMENT

The Council recognises that one of the most important issues relating to the prevention of fraud and corruption is the effective recruitment of staff and therefore takes pre-employment screening seriously.

Employee recruitment is required to be in accordance with procedures laid down by the Head of Human Resources. As part of these procedures, particular reference is made to:

- a) verifying the identity of the applicant;
- b) obtaining satisfactory references prior to appointment;
- c) verifying the applicant is able to work legitimately in the UK;
- d) verifying and retaining copies of certificates for stated qualifications;
and
- e) undertaking Disclosure and Barring Service checks, where appropriate.

These practices apply to all permanent appointments including those where employees have entered the organisation as an agency worker or consultant in the first instance.

10. SYSTEM OF INTERNAL CONTROL

The risk of fraud and corruption can be minimised by good financial management, sound internal control systems, effective management supervision, and by raising public, member and employee awareness of fraud.

Internal control is the whole system of controls, financial and otherwise, established to provide reasonable assurance of:

- a) proper aims and objectives;
- b) efficient and effective operations;
- c) reliable management information and reporting;
- d) legitimate expenditure;
- e) compliance with laws and regulations;
- f) performance management; and
- g) security of assets and income.

Weaknesses in the design and operation of administrative and financial internal control systems may increase the risk of fraud. Systems should contain efficient, effective, and well-documented internal controls for:

- a) adequate segregation of duties;
- b) proper authorisation and approval procedures;
- c) adequate physical security over assets; and
- d) reliable monitoring and reporting arrangements.

is management's responsibility to install adequate internal controls and rectify weaknesses if they occur. To help management discharge this responsibility, systems may be subject to review by both Internal and External Audit. Auditors are responsible for reporting to management on significant weaknesses in the control environment, including deficiencies in the operation of internal controls and highlighting exposure to the risk of fraud. Audit concerns are promptly followed up to ensure issues highlighted are appropriately actioned.

Management should instigate occasional deterrent compliance checks on the operation of internal controls within their service and are encouraged to seek advice from the Shared Audit and Investigation Service on what checks should be carried out. This work should be used to inform the Annual Governance Statement.

11. RISK MANAGEMENT

Major fraud risks relating to services should be included within Service Risk Registers and subject to regular review to ensure that appropriate controls are in place to mitigate those risks.

12. ROLE OF STATUTORY OFFICERS

The Council has a statutory responsibility, under Section 151 of the Local Government Act 1972, to ensure the proper administration of its financial affairs and also to nominate one of its Officers to take responsibility for those affairs. The Council's nominated Section 151 Officer is the Head of Finance.

The Council's Monitoring Officer 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.

13. EFFECTIVE ACTION

Responsibility for investigating suspected fraud and corruption against the Council rests with the Shared Audit and Investigation Service. This is to ensure that the investigation is performed only by properly trained officers in accordance with :

- a) Corruption Act 1906
- b) Criminal Procedures and Investigations Act (CPIA) 1996;

- c) Data Protection Act 1998;
- d) Fraud Act 2006;
- e) Freedom of Information Act 2000;
- f) Human Rights Act 1998;
- g) Local Government Finance Act 1992;
- h) Police and Criminal Evidence Act (PACE) 1984;
- i) Proceeds of Crime Act 2002; and
- j) Regulation of Investigatory Powers Act (RIPA) 2000
- k) The Council Tax (Administration and Enforcement) Regulations 1992.

14. PROCEDURE

All referrals will initially be risk assessed and material instances of fraud or irregularity in the Council will be referred to the Shared Audit and Investigation Service.

The Shared Audit and Investigation Service will ensure the following objectives are met:

- a) investigations are undertaken fairly, objectively and in accordance with relevant laws and regulations, so as to avoid jeopardising the outcome on legal and procedural technicalities;
- b) to protect the evidence;
- c) to prove or disprove the original suspicions of fraud;
- d) if proven, to support the findings by producing effective evidence;
- e) to present evidence in an appropriate format accepted by the Crown Prosecution Service or the appropriate disciplining service; and
- f) to apply appropriate sanctions and redress against those individuals and organisations that seek to defraud.

15. COMPLETION

Once an investigation is completed the Shared Audit and Investigation Service may have responsibilities in relation to:

- a) recommending improvements to systems;
- b) attendance at disciplinary hearings and tribunals;
- c) attendance at Court as a witness; and
- d) reporting to the Audit and Performance Review Panel.

Conclusions will be based on fact allowing management to take forward any required disciplinary and/or criminal proceedings as they determine appropriate.

16. DISCIPLINARY

The Council has in place disciplinary procedures which must be followed whenever staff are suspected of committing a fraudulent or corrupt act.

The disciplinary procedures are set out and available on Hyperwave. The Managing Director has overall responsibility for ensuring that the disciplinary procedure is managed effectively. Line managers, under the overall direction of Heads of Service, are responsible for day to day management and ensuring compliance with disciplinary policies and procedures.

17. REPORTING AND PUBLICITY

Incidents of fraud and corruption are reported through the following mechanisms:

- a) Corporate Management Team;
- b) Audit and Performance Review Panel; and
- c) External Auditors (currently KPMG).

Where evidence of fraud and corruption is found, appropriate sanctions will be sought in line with the Council's Prosecution and Sanctions Policy. The details of any proven act of fraud or corruption, including action taken by the Council will be publicised to employees, Members and the public. This is aimed at deterring further attempts of fraud or corruption by demonstrating the seriousness with which the Council views such cases. In agreement with the Section 151 Officer and the Monitoring Officer, the Council will report criminal activity to the Police at the appropriate stage.

18. COUNCIL TAX INVESTIGATIONS

The Investigation Team within the Shared Audit and Investigation Service is also responsible for undertaking investigations within the Council Tax Reduction Scheme. This involves:

- a) investigating suspected fraud by false statement and/or failure to declare changes in circumstances or other method;
- b) making random checks on claimants; and
- c) maximising recovery of overpayments.

Where evidence of fraud and corruption is found, appropriate sanctions will be sought in line with the Council's Prosecution and Sanctions Policy. Successful prosecutions will be publicised to help deter further fraud.

19. WORKING WITH OTHERS

Arrangements are in place to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity. This includes participation in the National Fraud Initiative which matches data across a wide range of public service organisations in order to detect fraud or erroneous payments.

20. MONEY LAUNDERING

The Proceeds of Crime Act 2002 details the three principal money laundering offences as:

- a) assisting another to retain the benefit of crime;
- b) acquisition, possession or use of criminal proceeds; and
- c) concealing or transferring proceeds to avoid prosecution.

In addition there are related offences for failing to report where a person has knowledge, suspicion or reasonable grounds for knowledge or suspicion that money laundering has taken place, as well as for tipping off a person that a disclosure has taken place.

Council Officers and Members who suspect money laundering activities should report their concern to the Council's nominated Money Laundering Reporting Officer (MLRO), the Section 151 Officer (Head of Finance). Further details are contained in the Anti-Money Laundering Policy.

21. CONCLUSION AND REVIEW

The Council has systems and procedures to deter and investigate fraud and corruption. It will ensure these arrangements are fair and are monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity.

To this end, the Council maintains a continuous review of these arrangements through, in particular the Audit and Performance Review Panel, the Section 151 Officer (Head of Finance), Shared Audit and Investigation Service, External Audit and the Monitoring Officer.