

# Anti-Fraud And Anti-Corruption Strategy

## Introduction

The purpose of this strategy is to make clear to Councillors, employees, the general public and other bodies, Exeter City Council's attitude to fraud and corruption. This document states clearly the approach this Council will adopt if faced with matters of this nature.

The Council is committed to an effective Anti-Fraud and Anti-Corruption Strategy which is designed to:

- encourage prevention
- promote detection
- identify a clear path for investigation

The threat from fraud and corruption is both internal and external. The Council's expectation is that Councillors and employees at all levels will lead by example to ensure that high standards of propriety and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times.

In this context, the Local Government Act 2000 introduced a new Code of Conduct for Members. A model Code of Conduct for Officers is anticipated shortly. Once the Officers' Code is formally adopted by the Council, employees will be required to comply with its provisions.

Exeter City Council also demands that individuals and organisations with which it comes into contact, and particularly those to which it provides finance, act towards the Council at all times with integrity and without fraudulent or corrupt intent.

Exeter City Council's Anti-Fraud and Anti-Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

- Culture
- Prevention
- Detection and Investigation
- Training

## Culture

Exeter City Council has a responsibility for the proper administration of public funds and wishes to emphasise the importance it places upon probity, financial control and honest administration. The Council's arrangements for the prevention and detection of fraud and corruption will be kept under constant review. Suspected irregularities will be vigorously pursued and appropriate action will be taken.

Councillors and employees are expected to support the Council's approach by reporting matters of genuine concern. Employees should report such matters to their managers or supervisors. However, the Council acknowledges that employees may not find it easy to

report a concern about a financial irregularity, especially when it may turn out to be fraud or corruption (for alternative methods, including 'Whistle Blowing', please see the '**Detection and Investigation**' section below). Employees are assured that in raising such concerns they will be fully supported, that they will have nothing to fear from reprisals and there will be no adverse impact on their personal situation. Where anonymity is requested every effort will be made to guarantee such confidentiality.

Members of the public are encouraged to report any concerns to the Internal Audit Unit or to the Council's Monitoring Officer, both are accessible and responsive. Requests for confidential treatment will be honoured.

Internal Audit is responsible for investigating any allegations of fraud or corruption received and does so through clearly defined procedures and standards.

### **Prevention**

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. Employee recruitment must, therefore, be in accordance with agreed procedures.

Employees must comply with the Officers' Code of Conduct and any codes relating to their professional roles and qualifications. The role that employees are expected to play in the Council's framework of internal controls is featured in the Council's induction procedures.

Councillors are required to observe principles of good conduct laid down by Parliament and the requirements of the Members' Code of Conduct. Councillors are required to declare relevant interests when elected and update these when circumstances oblige. These are recorded in the register of interests held by the Assistant Chief Executive. Other interests also have to be declared at meetings, these are explained in the members' Code of Conduct.

Employees are required to declare any interest in or association with any Council activity which could cause potential conflict in accordance with the Employment Handbook.

As a general rule, all Councillors and employees are advised to refuse any offers of gifts or hospitality which might be considered to be related to the performance of their duties in relation to the Council. The exceptions to the rule are modest items not exceeding £5 for employees and £25 for Members in value which may be of a promotional nature. As it is recognised that it is difficult to make hard and fast rules, employees are advised to seek advice from the Chief Executive or their Director in situations where to refuse the hospitality, etc, might cause offence. However, the decision and the hospitality given must be fully recognised and recorded.

The Council will reviews its Constitution (including Standing Orders, Financial Regulations and Codes of Conduct) on a regular basis. These place a duty on all Councillors and employees to act in accordance with established best practice when dealing with the affairs of the Council.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Council's financial and other systems is independently monitored by both Internal and External Audit. Senior management place great weight on being responsive to audit recommendations.

### **Detection And Investigation**

The array of preventative systems, particularly internal control systems, within the Council has been designed to provide indicators of any fraudulent activity, and thereby also to act as a deterrent.

The Council, through its Internal Audit Unit and Housing Benefits Investigation Team, also undertakes specific tests or initiatives to detect fraud. Examples include:

- data matching, both internally and with the Audit Commission, locally and nationally, to match data across different financial systems to detect fraud
- participation in the National Anti-Fraud Network

It is often the alertness of employees and the public to signs of fraud that enables detection to occur and the appropriate action to be taken when there is evidence that fraud or corruption may be in progress.

As stated in the '**Culture**' section, the Council expects employees, in support of its policy, to report matters of genuine concern to their managers or supervisors. If employees prefer to raise concerns other than with their line managers, alternative routes are available namely:

- the Internal Audit Unit. Internal Auditors are always available to receive notification of concern and investigate accordingly
- using the Council's 'Whistle Blowing' Policy and raising the concern with the Monitoring Officer, the Deputy Monitoring Officer or the Chief Executive

There are, of course, two sides to every story. If the process is abused by employees raising malicious, unfounded allegations, then such instances will be treated as a serious disciplinary matter. However, employees should not be deterred from raising genuine concerns, and in so doing will be supported in every possible way.

Despite the best efforts of financial managers and auditors, frauds are sometimes discovered by chance or 'tip-offs' and, as indicated earlier, the Council has arrangements in place to enable such information to be properly dealt with.

Depending on the nature and extent of the allegations, Internal Audit works closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported on.

The Council's Disciplinary Procedures are used where the investigation indicates improper conduct on the part of employees.

The Council looks to the Police to independently prosecute offenders where financial impropriety is discovered.

### **Training**

The success of the Council's Anti-Fraud and Anti-Corruption Strategy, and its general credibility, depends largely on the effectiveness of programmed training and the responsiveness of employees throughout the Council.

To facilitate this, the Council provides induction and on-going training and development (particularly for employees involved in internal control systems) to ensure that employees' responsibilities and duties in this respect are regularly highlighted and reinforced.

The investigation of fraud and corruption is undertaken by the Council's Internal Audit Unit. It follows, therefore, that employees involved in audit work should also be properly and regularly trained in all aspects of it. The training plans of Internal Auditors reflect this requirement.

### **Conclusion**

Exeter City Council endorses and wishes to promote the highest standards of conduct and probity. This Strategy is intended to show it has in place a clear network of systems, procedures and controls to assist it in the fight against fraud and corruption in all of its activities. The Council is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques.

To this end, the Council maintains a continuous overview of such arrangements through, in particular the:

- Scrutiny Committee - Resources has been designated as the elected Councillor forum to consider audit matters
- Standards Committee has responsibility for advising the Council on the adoption of Codes of Conduct to promote high standards of conduct
- Head of Treasury Services who has responsibility for the Council's financial affairs under Section 151 of the Local Government Act 1972
- Monitoring Officer's statutory role in relation to the Standards Committee
- Internal Audit Unit
- Audit Commission