

# **FIFE COUNCIL**

## **Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption**

**Audit and Risk Management Services  
April 2018**

## **1. Statement of Intent**

Fife Council aims to provide excellent public service and ensure propriety and accountability in all matters. The Council is determined to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption which will provide a framework for:

- encouraging fraud deterrence and prevention;
- raising awareness of fraud and corruption and promoting their detection;
- performing investigations and facilitating recovery;
- invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal;
- monitoring, publicising and updating the policy and its related procedures and performance; and
- appropriate action consistent with the Serious Organised Crime Taskforce objectives (see Pages 10-11).

## **2. Definitions**

- a) Fife Council regards 'fraud' as when 'someone is induced by a false pretence to do (or not do) something that they would not (or would) otherwise have done', and also as when 'actual or attempted intentional distortions of financial or other records are carried out, whether to conceal the misappropriation of monetary funds, assets or otherwise for gain'.
- b) In relation to Housing and Council Tax Benefit, 'knowingly obtaining benefit to which there is no, or lesser, entitlement' is regarded as fraud.
- c) The Council regards 'corruption' as the offer or acceptance by a Councillor or employee (for themselves or for any other person) of a payment, favour, gift or advantage as a reward or an incentive for action (or inaction) contrary to the proper conduct of their duties'.
- d) Serious and Organised Crime centres around an individual, group of individuals, business or organisation illegally acquiring money, profit, influence and power for their own gain to invest in other types of criminal activity, thus fuelling a 'cycle of crime'.

### **3. Elements of the Strategy for the Prevention and Detection of Fraud and Corruption**

The Council's Strategy for the Prevention and Detection of Fraud and Corruption is based on a series of comprehensive and related elements designed to deter any fraudulent or corrupt act:

- Operating Culture;
- Deterrent and Preventative Measures;
- Raising Fraud Awareness;
- Fraud Response Policy; and
- Detection and Investigation Procedures.

#### **Operating Culture**

- a) Fife Council is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life. It is committed to the seven Nolan Principles of objectivity, openness, leadership, accountability, honesty, selflessness and integrity.
- b) The Council expects Councillors and employees to lead by example in ensuring opposition to fraud and corruption, and in ensuring:
  - adherence to Council rules and regulations and National and Local Codes of Conduct; and
  - that all procedures and practices are beyond reproach.
- c) The Council requires all individuals and organisations with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud or corruption.
- d) Council employees and members of the public are important elements in its stance against fraud and corruption and are positively encouraged to raise any concerns they may have on these issues that impact on Council activities. This may be achieved by members of the public, using the Council's Corporate Complaints Procedure, or members of the public and staff by reporting through Heads of Service, Executive Directors, and the Chief Executive or directly to the Corporate Fraud Team (CFT) within Audit and Risk Management Services (ARMS). The Code of Conduct for Council Employees makes specific provision for 'whistle blowing', i.e., the right to raise concerns by staff within the terms of the Public Interest Disclosure Act 1998, which gives employees the right to raise such concerns without fear of being punished or victimised for doing so (as long as they are acting in good faith).
- e) Training and guidance are vital in maintaining the effectiveness of this Strategy and its general credibility. The Council supports induction and work-related training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced and that best practice is followed across all Council Services.

- f) As part of its responsibilities, ARMS, via CFT, is required to investigate activities suspected of involving fraud and corruption. Its fraud and training plans are designed to provide adequate coverage of the risk of fraud and corruption and to reflect the necessity for its staff to be properly and regularly trained.
- g) Where appropriate, Fife Council co-operates with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption.

### **Deterrent and Preventative Measures**

- a) The Fife Council List of Committee Powers, List of Officer Powers, Standing Orders, Financial Regulations and Code of Corporate Governance set out a framework for dealing with the affairs of the Council and all employees have a duty to comply with their provisions.
- b) Comprehensive documentation, including working manuals and operating procedures, is expected for all financial and operational systems, and must be issued to relevant staff. Every effort must be made to continually to review and develop these systems in line with best practice to ensure efficient and effective internal controls to deter fraudulent activity and detect error.
- c) The adequacy and appropriateness of the Council's financial systems is independently monitored and assessed by External Audit and the control and operating systems by ARMS. Senior Management is committed to continuously improving the systems, for which it is responsible, through self-assessment and by positive response to audit recommendations.
- d) Councillors must have regard to the National Code of Local Government Conduct and acceptance of their appointment includes an undertaking to be guided by the National Code.
- e) Employee recruitment is required to be in accordance with procedures laid down by the Executive Director Finance and Corporate Services and, in particular, written references must be obtained, and other appropriate checks made, to confirm the honesty and integrity of potential employees.
- f) Council employees are required to follow the Code of Conduct for Council Employees and expected to follow any code of conduct associated with their personal professional qualifications.
- g) Any offers of gifts or hospitality must be dealt with in compliance with the Code of Conduct for Council Employees.
- h) Council employees are not permitted to retain any fee, commission or other payment collected or arising in any way from or through their Council employment, except with the consent of their Head of Service. In the case of a Head of Service or Executive Director, consent must be obtained from the Chief Executive. Any employee in breach of these regulations may be liable to summary dismissal.

- i) Council employees must declare any possible conflicts of interest which they may have, whether in contracts entered into by the Council or otherwise, and register them on a Conflict of Interest Declaration Form. For Chief Officers there is a presumption against secondary employment/business activity unless you have obtained the agreement of the Chief Executive, Head of Service or your Executive Director.
- j) Fife Council participates in the National Fraud Initiative (NFI). The NFI in Scotland is a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.
- k) CFT has identified those areas of the Council's operations that it has assessed as being at risk of fraud, and this will be informed further by feedback from fraud briefings and a fraud self-assessment survey. A Corporate Fraud plan will be developed and reported to Standards and Audit Committee.

### **Raising Fraud Awareness**

- a) The Corporate Fraud Team will promote the development of a counter-fraud culture by raising awareness of fraud throughout the Council and ensuring it maintains a high profile. It will do this in several ways:
  - presenting fraud briefings to all levels of staff;
  - issuing a fraud self-assessment survey for completion by all levels of staff;
  - developing a corporate fraud plan focusing on reviewing areas where fraud is more likely to occur;
  - carrying out reviews in areas assessed as being at risk of fraud;
  - reporting review findings and recommendations to address control weaknesses relating to actual or potential fraud; and
  - readily providing advice on all fraud-related matters.
- b) The Corporate Fraud Team works to the same operational and professional standards as the rest of Audit Services. These are detailed in the Audit Charter.

### **Fraud Response Policy**

- a) Fife Council will be robust in dealing with any financial malpractice, and can be expected to deal quickly and thoroughly with any person who attempts to defraud the Council or who engages in corrupt practices, whether they are Councillors, employees, consultants, contractors or other suppliers, benefit claimants, tenants or unrelated third parties.
- b) All suspicions of impropriety must be reported to the Executive Director Finance and Corporate Services and will be investigated. This can be done by contacting CFT directly.

- c) The Executive Director Finance and Corporate Services will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed.
- d) The Council's Disciplinary Procedures will be used where the outcome of investigation indicates misconduct on the part of employees.
- e) Where loss has been suffered through fraudulent activity, the Council will pursue the perpetrator for recovery, including taking appropriate legal action.

### **Detection and Investigation Procedures**

- a) In the majority of cases, it is the diligence of employees and the alertness and good citizenship of the public at large that enables detection. When there is suspicion it should be reported. This may be achieved by members of the public using the Council's Corporate Complaints Procedure, or members of the public and staff by reporting through Heads of Service, Executive Directors, and the Chief Executive or directly to CFT, etc.
- b) All instances of fraud or irregularity in the Council must be reported to CFT who, on behalf of the Executive Director Finance and Corporate Services or the Chief Executive, will agree the appropriate method of investigating the fraud with the Service(s) involved. Designated Fraud Officers are appointed for the investigation of Benefit Fraud and any such incidents involving Councillors and Officers should be reported to CFT who may review or perform these investigations. Depending on the nature and anticipated extent of the allegations, CFT will normally work closely with management and other agencies, such as the Police and the Procurator Fiscal, to ensure that all allegations and evidence are properly investigated and reported upon.
- c) The detailed arrangements for the investigation of any suspected fraud or irregularity are contained in 'Fraud – A Guide to Your Role', issued by ARMS.

### **Reporting**

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

- a. **Senior Management and Executive Directors** – Where incidents of fraud or corruption have been investigated, any findings, control weakness and recommendations will be included in a formal report to the relevant senior managers and Executive Directors.
- b. **Standards and Audit Committee** - Internal Audit reports to the Standards and Audit Committee on a regular basis highlighting the day-to-day activity of the Internal Audit Service (including the Corporate Fraud Team) which is driven by the reviews contained within the Internal Audit Plan and Fraud Plan.
- c. **Audit Scotland** – Fife Council reports annually to Audit Scotland on identified cases of fraud and corruption and individually in cases as and when overpayments/losses are in excess of £5,000.

## 4. Conclusion

- a) Fife Council has in place a clear framework of systems and procedures to deter, detect and investigate fraud and corruption. It will ensure that these arrangements are fair and confidential and are monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- b) To this end, the Council maintains a continuous overview of these arrangements through, in particular, its Executive Director Finance and Corporate Services, CFT and External Audit.
- c) The Council will ensure that the existence of this strategy, and its application, are well publicised.

### Contacts:

Avril Cunningham, Service Manager (Audit & Risk Management)  
Tel: 03451 555555 446076 Email: [Avril.Cunningham@fife.gov.uk](mailto:Avril.Cunningham@fife.gov.uk)

Kenny McCabe, Auditor  
Tel: 03451 555555 446087 Email: [Kenny.McCabe@fife.gov.uk](mailto:Kenny.McCabe@fife.gov.uk)

Eric Robertson, Corporate Fraud Officer  
Tel: 03451 555555 444061 Email: [Eric.Robertson@fife.gov.uk](mailto:Eric.Robertson@fife.gov.uk)

Neil Robertson, Corporate Fraud Officer  
Tel: 03451 555555 446082 Email: [Neil.Robertson-fs@fife.gov.uk](mailto:Neil.Robertson-fs@fife.gov.uk)

**Audit and Risk Management Services**  
**Fife House**  
**February 2018**

## Strategy for the Prevention and Detection of Fraud and Corruption

### List of Related Documents

#### **Fife Council Documents**

- Benefit Fraud Prosecution Policy
- Housing and Council Tax Benefit Anti-Fraud Policy
  
- List of Committee Powers
- List of Officer Powers
- Standing Orders
- Financial Regulations
- Contract Standing Orders – Scheme of Tender Procedures
  
- Electronic Communications and Computer Use - Policies and Procedures
- Code of Data Matching Practice
  
- Code of Conduct for Council Employees
- Conflict of Interest Declaration Form
- Whistle-blowing: Employee Guidelines
- Disciplinary, Grievance, Appeals & Disputes - Statements of Policy and Procedures
  
- Councillors Register of Interests
  
- Corporate Complaints Procedure
  
- Fraud Strategy
- Fraud – A Guide To Your Role
- Corporate Fraud Plan

#### **External Documents**

- National Code of Local Government Conduct

#### **Serious Organised Crime Taskforce**

The Serious Organised Crime Taskforce was set up by the Scottish Government to ensure:

- Scotland can respond robustly to the threat posed by organised crime;
- identify improvements;
- ensure all agencies are working in the same direction; and
- the public are aware of the many successes the police service achieves.

Membership of the group includes the Solicitor General; Police Scotland; the Prison Service; HM Revenue and Customs; the UK Serious Organised Crime

Agency, the Society of Local Authority Chief Executives, HM Inspectorate of Constabulary; and the Scottish Business Resilience Centre.

SOC Taskforce Objectives:

- **DIVERT:** individuals (particularly young people) from engaging in or using the products of serious organised crime;
- **DISRUPT:** the activities of serious organised crime groups;
- **DETER:** through measures to protect communities, businesses and the public sector from serious organised crime; and
- **DETECT:** by boosting capacity and improving co-ordination to give serious organised criminals no place to hide.