



Anti Fraud and Corruption Strategy
(incorporating Fraud Response Plan)

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Anti Fraud and Corruption Strategy

Introduction

1. Kent County Council is one of the county's largest organisations employing over 45,000 people with gross expenditure of over £2.3bn. In delivering its objectives, the Council maintains a zero tolerance approach towards fraud and corruption whether this is from external sources (the public, clients, contractors, suppliers, partners or other bodies) or from internal sources (Members and employees, including temporary and agency staff).
2. The purpose of this strategy is to set out the Council's commitment to the highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets. This strategy promotes the:-
 - Prevention and detection of fraud and corruption;
 - The reporting of any potential fraud and corruption, and
 - Framework for Investigations.

Culture

3. Kent County Council wishes to promote a culture of honesty and opposition to fraud and corruption it will ensure probity in local administration and governance and expects:-
 - Members and staff to lead through example by acting with integrity at all times and ensuring adherence to legal requirements, policies and procedures, rules and good practice.
 - All individuals and organisations (eg suppliers, contactors and service providers) with whom it comes into contact will act with integrity in all dealings with the Council.
 - Members, staff, bodies and organisations external to the Council, to report suspected fraud, corruption or other irregularity to the Head of Audit and Risk in accordance with the Council's Financial Regulations, and Fraud Response Plan for Managers (Appendix A).
 - Senior managers to deal promptly and firmly with those who defraud, or seek to defraud the Council, or who are corrupt. The Council will always be robust in dealing with financial malpractice or those who breach statutory and legal obligations and its code of conduct.

Roles and Responsibilities

The Role of Elected Members

4. As elected representatives, all Members of Kent 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.
5. This is achieved through members operating within the Constitution which includes the Code of Member Conduct, Financial Regulations and Spending the Council's Money

The Role of Employees

6. Kent County Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected irregularities to the Head of Audit and Risk.
7. Employees are expected to comply with the Officers Code of Conduct (which can be found in the Constitution) and the Council's policies and procedures.
8. Employees are responsible for complying with Kent County Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
9. Employees should follow instructions given to them by management. They are under a statutory duty to properly account for and safeguard the money and assets under their control/charge?
10. Employees are required to provide a written declaration of any financial and non-financial interests or commitments, which may conflict with KCC's interests. KCC 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 senior manager.
11. Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosure of gifts and hospitality.
12. Managers at all levels are responsible for the communication and implementation of this strategy in their own work area.
13. 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 irregularities.

Kent County Council's Commitment

14. Theft, fraud and corruption are serious offences against the Council and employees and Members will face disciplinary action if there is evidence that they have been involved in these activities. Where criminal action is suspected this will be referred to the police.
15. In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss.
16. In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions made will be publicised where it is deemed appropriate. Updates on this strategy will be publicised.

Prevention

17. A key measure to preventing fraud and corruption is to carry out rigorous pre employment checks to establish the previous record and history of potential employees in terms of their integrity and propriety. This includes:-
 - obtaining suitable and relevant references;
 - checking gaps in employment history,
 - checking qualifications;

- checks by the Criminal Records Bureau.
18. The recruitment of temporary, permanent employees and agency staff is treated the same.
 19. The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate internal controls in place, that they are operating as expected and being complied with. They must ensure that adequate levels of internal 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 without some form of checking or intervention process being built into the system.
 20. Internal Audit is responsible for the independent appraisal of controls and for assisting managers in the investigations of irregularities, including allegations of fraud or corruption.
 21. Internal Audit includes pro active fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.
 22. The Council is committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible the Council will assist and exchange information with other appropriate bodies to facilitate the investigation of and to combat fraud. Kent County Council's Internal Audit Section will facilitate the exchange of information.
 23. Kent County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (currently to the Audit Commission) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by other public bodies. Any positive matches (eg an employee on the payroll in receipt of housing benefit) are investigated.

Detection and Investigation

24. Any suspected fraud, corruption or other irregularity should be reported to the Head of Audit and Risk. The Head of Audit and Risk will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with best practice; and to ensure that any investigation does not jeopardise any potential disciplinary action or criminal investigation.

Action could include:-

- Investigation carried out by Internal Audit Staff;
 - Joint investigation with Internal Audit and relevant directorate management;
 - Directorate staff carry out investigation and Internal Audit provide advice and guidance;
 - Police referral.
25. The Council's Whistleblowing procedure is intended to encourage and enable staff and organisations or individuals to raise serious concerns. Whilst employees are afforded certain rights and protection through legislation enacted under the Public Interest Disclosure Act 1998, the Council will do its best but cannot guarantee to protect the identity of an individual who raises a concern but does not want their name to be disclosed.

Training and Awareness

26. The success of the Anti Fraud and Corruption Strategy is dependent on risk awareness, the effectiveness of training, including induction and the responsiveness of staff throughout the Council.
27. The Council will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
28. The responsibility of investigating potential fraud, corruption and other irregularities within KCC lies mainly (although not exclusively) with the Internal Audit Section. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.
29. Internal Audit will report the outcomes of completed investigations including any sanctions carried out to the Governance and Audit Committee. Internal Audit will provide fraud awareness training on request and will publish its regular newsletter (Risky Business) to raise awareness.

Conclusion

30. Kent County Council will maintain place systems and procedures to assist in the prevention, detection and investigation of fraud. This strategy will be reviewed annually and is available on the Council's Intranet (Knet).

Fraud Response Plan

Introduction

This Fraud Response Plan forms part of the Council's overall Anti-Fraud Strategy and covers the Council's response to suspected or apparent irregularities affecting resources belonging to or administered by the Council, or fraud perpetrated by contractors and suppliers against the Council.

It is important that Managers know what to do in the event of fraud, so that they can act without delay. The Fraud Response Plan for Managers provides such guidance to ensure effective and timely action is taken. Other documents that should be referred to when reading the Plan include:

- Officers' Code of Conduct (available on KNet as part of the KCC Constitution)
- Disciplinary procedure } (both available
- Financial Regulations } on KNet)

Objective of the Fraud Response Plan

To ensure that prompt and effective action can be taken to:

- prevent losses of funds of other assets where fraud has occurred and to maximise recovery of losses
- identify the perpetrator and maximise the success of any disciplinary or legal action taken
- reduce adverse impacts on the business of the Council
- minimise the occurrence of fraud by taking prompt action at the first sign of a problem
- minimise any adverse publicity for the organisation suffered as a result of fraud
- identify any lessons which can be acted upon in managing fraud in the future

The Manager's Role in Acting on Reported Suspected Fraud

Where it is appropriate to do so (where this can be done without alerting the perpetrator to the investigation, or staff involved have sufficient experience to do so without compromising any potential disciplinary or criminal investigation) initial enquiries may be made to determine if there actually does appear to be an irregularity.

The purpose of the initial enquiry is to confirm or repudiate the suspicions that have arisen so that, if necessary, further investigation may be instigated.

During the initial enquiry, managers should:

- determine the factors that gave rise to the suspicion

- examine factors to determine whether a genuine mistake has been made or whether any irregularity has occurred (i.e. any incident or action that is not part of normal operation of the system or the expected course of events)
- where necessary, carry out discreet enquiries with staff and / or review documents.

If the results of the initial inquiry indicate that a more detailed investigation should be undertaken, managers should contact the Internal Audit Section.

Managers must inform Internal Audit of:

- all the evidence that they have gathered.
- the actions they have taken with regard to the employee (e.g. suspension or redeployment) or any other action taken to prevent further loss.

Internal Audit should be informed as soon as possible of all suspected or discovered fraud or corruption, in order that they may offer advice on any specific course of action that may be necessary.

Depending on the size of the fraud or the circumstances of its perpetration, the Senior Audit Manager will consider whether Internal Audit staff should undertake the investigation. If appropriate, advice and guidance will be provided to enable an investigation to be undertaken by the manager's own staff.

Internal Audit will review the outcome of the investigation (irrespective of whether undertaken by its own staff or directorate staff), to ensure that appropriate action is taken to help disclose similar frauds and make recommendations to strengthen control systems.

Senior managers are responsible for following up any allegation of fraud or corruption that they receive. They must also have regard to the above.

The respective Investigating Officer (either from the directorate or from Internal Audit) will:

- Deal promptly with the matter
- Record all evidence that has been received
- Ensure that evidence is sound and adequately supported
- Make secure all of the evidence that has been collected
- Where appropriate, contact other agencies
- When appropriate, arrange for the notification of the Council's insurers
- Report to senior management, and where appropriate, recommend that management take disciplinary action in accordance with the Council's Disciplinary Procedures.

Where circumstances merit, close liaison will take place between the Investigating Officer, the respective Directorate Resource Co-ordinator and Human Resources Advisor as appropriate.

Evidence

The best form of evidence is original documentation. Where it is not possible to obtain originals, for whatever reason, a copy will normally suffice. The copy should be clearly endorsed as a copy and if possible certified as a true copy of the original. This should preferably be certified by the person who took the copy from the original source document.

Interviews

Managers should not conduct any interviews with any suspect or potential witness without seeking advice beforehand from Internal Audit.

The matters under investigation may constitute criminal acts, and consequently any interview of potential suspects must be conducted and recorded under specific guidelines as detailed in the Police and Criminal Evidence Act 1984 (PACE). Criminal proceedings may be compromised by conducting interviews outside of the scope of PACE.

Normal practice will be that Internal Audit staff conduct and/or control any interview.

Police Liaison and Prosecution

Where there is evidence that a criminal act has taken place, any necessary Police liaison will be undertaken by Internal Audit staff.

A decision to prosecute as a result of the outcome of any investigation will not be made without:

- a full review of the case in consultation with the Senior Audit Manager, Legal Services and the Police or other Authority, as appropriate.
- the authority of the Director of Finance, the relevant Managing Director or suitably delegated person or board.

Definitions

Fraud

The intentional distortion of financial statements or other records by person or persons internal/external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain.

Some potential indicators of fraudulent activity are (but be aware that not all circumstances where these signs are exhibited will necessarily constitute fraud, nor is this an exhaustive list):

- Employees who never take leave

- Employees who work outside normal working hours for no obvious reason
- Employees with serious personal financial problems
- Employees whose lifestyle is disproportionate to their income
- Unusual concerns about visits by senior managers and auditors
- Employees who often break rules or fail to comply with procedures
- Complaints about members of staff from customers or other employees
- Lack of effective internal control
- Undocumented activities
- Unexplained falls in income levels or increases in expenses
- Deliveries to other than official Council buildings
- General disregard by management and employees towards security

Corruption

The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action

of any person (e.g. may occur in connection with contracts or consultancy engagements).

Malpractice and wrongdoing is something which is unlawful, or against the Council's Standing Orders or policies and is not in accordance with established standards of practice, or amounts to improper conduct by an employee.

Potential examples would be:

- Breaches of statutory codes of practice
- Breaches of, or failure to, implement or comply with any policy determined by the Council or any of its Committees
- Actions which are likely to cause physical danger to persons, or give rise to a significant damage to property
- Failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Council or would otherwise seriously prejudice the Council
- Abuse of power, or the use of the Council's powers and authority for any unauthorised or ulterior purpose
- Unfair discrimination in the Council's employment or services
- Dangerous procedures risking health and safety

- Other unethical conduct

The Council's Whistleblowing Procedure (also known as the Confidential Disclosure Policy, see Section II) provides avenues for those raising concerns and is intended to safeguard:

- Confidentiality
- Anonymity, if this is what the provider seeks
- Untrue Allegations
- Against harassment and bullying

Managers have additional responsibilities with regard to concerns raised by staff under the Whistleblowing Procedure, with particular regard to protecting the member of staff's identity, welfare and anonymity.

Raising Concerns

Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Procedure. A copy of the Procedure can be obtained from KNet or Personnel & Development, or via a Trade Union Representative.

Suspected or apparent financial irregularities must be brought to the attention of the Senior Audit Manager in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Chief Executive or the Monitoring Officer.

If a member of the public suspects fraud or corruption they should contact the Chief Executive, Director of Finance or Senior Audit Manager in the first instance. They may also contact the Council's External

Auditor, who may be contacted in confidence via the Council's main telephone switchboard.

The Council's Internal Audit Section can be contacted by telephone on 7000 4636 / 01622 694636 or by mail to internal.audit@kent.gov.uk