LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

ANTI-FRAUD AND CORRUPTION POLICY (Non-benefit)

1 Introduction

1.1 Lancaster City Council is committed to the highest possible standards of openness, probity and accountability in all its affairs. It is determined to develop a culture of honesty and opposition to fraud and corruption.

1.2 In line with that commitment, the Council's Anti-Fraud and Anti-Corruption Policy outlines the principles it is committed to in relation to preventing, reporting and managing fraud and corruption.

1.3 Fraud and corruption within the public sector costs the taxpayer hundreds of millions of pounds each year.

What is fraud?

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

What is corruption?

"the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person."

2 How the Council expects Members and employees to behave

2.1 The Council expects all people and organisations who are in any way associated with it to be honest and fair in their dealings with the Council and its clients and customers. The Council expects its Members and employees to lead by example in these matters.

2.2 The Council's Codes of Conduct for Members and employees set out an approach to work that is both honest and fair. Members and employees must act in accordance with these codes at all times.

2.3 The Council feels that Members and employees have an important role to play in dealing with the risk of fraud and corruption. They should be alert to the possibility of these threats to the Council and report any concerns they may have in accordance with the Code of Conduct for Members and the Council's Whistle-blowing Policy for officers.

2.4 Under this policy the information received will be dealt with fairly and confidentially. The Council will endeavour not to reveal the names of the people who gave the information.

2.5 To ensure that any investigative process is not misused, any abuse of the system, such as raising unfounded malicious allegations, will be dealt with as a disciplinary matter.

2.6 Investigations in relation to suspected acts of fraud or corruption will be conducted in accordance with the Council's Disciplinary Policy and Procedures.

2.7 The Council's Directors will deal firmly and quickly with anyone who is responsible for fraud and corruption. The Chief Executive, in consultation with Internal Audit, may refer the matter to the police if criminal activity has been carried out.

2.8 The Council has adopted the government's Model Code of Conduct as its own Code of Conduct for Members. The Code includes requirements that Members:

- must not conduct themselves in a manner which could reasonably be regarded as bringing their office or the Council into disrepute;
- must not use their position improperly to confer on or secure for themselves or any other person an advantage or disadvantage, and;
- when using or authorising the use of the Council's resources must act in accordance with the Council's requirements, and ensure that such resources are not used for political purposes, unless that use could reasonably be regarded as likely to facilitate the discharge of the Council's functions.

The Code also contains requirements for the registration of Members' financial and other interests, and the declaration of interests at meetings.

2.9 The public is entitled to expect Local Government employees and Members to conduct themselves to the highest standards and with the utmost integrity. The Nolan Committee sets out seven guiding principles that apply to people who serve the public. The Council will work to develop its working behaviour around these principles.

3 Preventing fraud and corruption

3.1 The Council believes that if it is to beat fraud and corruption, it must prevent it from happening in the first place. The Council must be proactive as opposed to reactive. It is essential that it has clear rules and procedures within which Members, Employees, Consultants and Contractors can work. These are detailed in the Council's Constitution, Financial Regulations, Contract Procedure Rules and Codes of Conduct.

3.2 The Council's rules and regulations must be regularly reviewed and updated.

3.3 Directors must make sure that suitable levels of internal control are included in working procedures, particularly financial procedures. Duties should be organised in such a way that no one person can carry out a complete transaction without some form of check process being performed.

3.4 The fraud prevention strategy should be integrated into the overall management process rather than dealt with in isolation. Anti-fraud measures should be designed to fit around the particular activities and circumstances of the Service. Establishing existing controls, identifying additional or alternative controls and monitoring the controls in operation will give assurance as to the effectiveness of the strategy.

3.5 Most fraud experienced by an organisation is committed by its own staff. The Council must follow the correct procedure when employing new staff. If possible, it must check the previous employment records of anyone it is considering employing, whether temporary or permanent. High risk/sensitive posts and those with access to privileged information should be considered for further vetting and the completion of Declaration of Interests where necessary.

3.6 The Council is prepared to assist other Councils and organisations and exchange information that may prevent fraud and corruption. This work is often of a confidential nature and must be conducted in accordance with the Data Protection Act.

3.7 The Council will make sure that full details of reporting facilities are widely published to the public, Members and employees, and that all information received in this way is investigated and dealt with. Information can be passed internally, using the contacts listed in the Whistleblowing Policy for officers, or externally with :-

District Audit White Cross South Road LANCASTER Tel: (01524) 842443	Lancaster Police Police Station Thurnham Street LANCASTER Tel: (01524) 63333	Standards Board PO Box 36656 LONDON SE1 OWN Tel: (0845) 078 8181

4 Detecting and investigating fraud and corruption

4.1 This section should be read in conjunction with the Council's Fraud Response Plan. A Housing Benefit and Council Tax Benefit Anti-Fraud Strategy and Sanction Policy have been established to assist staff involved in this area.

4.2 Under the Council's Codes of Conduct and Financial Regulations and Procedures, employees must report any suspected cases of fraud and corruption to the appropriate manager or Internal Audit Manager if necessary. Guidance is provided in the Council's Whistleblowing Policy, which is intended to encourage staff to raise serious concerns. Protection is also provided by the Public Interest Disclosure Act 1998.

4.3 As part of establishing an anti-fraud culture in the Council, it must be made clear to all employees that whistleblowing is an essential element in the fight against fraud. Reporting makes sure that:

- Suspected cases of fraud and corruption are investigated properly;
- The fraud response plan is carried out properly;
- There is a standard process for dealing with all suspected cases of fraud and corruption; and
- People and the Council's interests are protected.

4.4 The Internal Audit Manager will work with Directors and the Chief Executive to decide on the type and course of the investigation, and ensure compliance with the Regulation of Investigatory Powers Act 2000, where necessary.

4.5 If a preliminary investigation results in a reasonable suspicion of a criminal offence having taken place, then the Chief Executive or Internal Audit Manager shall inform the Police. The Council will seek to prosecute offenders and carry out the disciplinary procedures where appropriate. It will ensure that internal proceedings do not prejudice any criminal case.

4.6 In cases relating to Housing Benefits and Council Tax fraud the action taken will follow the Sanction Policy as determined by Revenue Services.

4.7 It is a requirement of the Code of Conduct for Members that if a Member becomes aware of any conduct by another Member which that Member reasonably believes involves a failure to comply with the Council's Code of Conduct, the Member must make a written allegation to that effect to the Standards Board for England as soon as it is reasonably practicable to do so. Failure to do so is in itself a breach of the Code and likewise may be the subject of an allegation to the Standards Board.

4.8 Accordingly, if any Member wishes to report conduct that amounts to a breach of the Code of Conduct by another Member of the Council, the report or complaint must be made to the Standards Board. A complaint from a Member about another Member that does not involve breach of the Code of Conduct, or by a Member about an officer, should be referred to the Chief Executive or the Monitoring Officer.

5 Conclusion

5.1 The Council is committed to tackling Fraud and Corruption whenever it happens. Its response will be effective and organised and will rely on the principles included in this document. If the Council is alerted to the risks, it will be better placed to deter, prevent, and at worst, detect fraud.

5.2 Taking the risk of fraud and corruption seriously will help the Council achieve its Corporate Objectives and deliver the Public Services that citizens want.