APPENDIX 1 - COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY

Introduction

1.   This Strategy is applicable to Members and staff. The Borough of Spelthorne is committed to providing a high standard of service and accountability. An important aspect of this is a strategy which protects against fraud, bribery and corruption within the Council itself and from external sources.

   In this context

   Fraud means - the illicit gaining of cash or other benefit by deception;

   Corruption means - the dishonest influencing of actions and decisions.

   Bribery means – the offering, giving or soliciting of an inducement or reward which may influence a person to perform a function or activity improperly.

2.   The Council recognises that it is already subject to a high degree of external scrutiny of its affairs by a variety of parties. This includes the general public, Council Tax / Business Rates payers, service users, the Local Government Ombudsman, Central Government, in particular, HM Revenue and Customs, the Department for Levelling Up, ~~Ministry of~~ Housing, and Communities (DLUHC) ~~and Local Government~~ ,the Department for Business and Trade (DBT), ~~Energy & Industrial Strategy (BEIS)~~ and the Department for Work and Pensions.

3.   It also has external auditors who advise whether the Council has in place adequate arrangements for the prevention and detection of fraud, bribery and corruption.

4.   While this external scrutiny assists in protecting against fraud, bribery and corruption the Council believes a clear statement of its own strategy is needed.

5.   The key elements of the Council's strategy to combat fraud, bribery and corruption are:

   - An open and honest culture

   - Adequate preventative measures

   - Systems for detection and investigation

   - Understanding and awareness within the Council and the adoption of a "whistleblowing" policy

Culture

6.   The Council expects Members and staff at all levels to behave with integrity and propriety and to act within the law and the regulations, procedures and practices laid down in relation to the conduct of the Council's business. The Council believes this is achieved best through the promotion of an atmosphere of honesty and openness.

7.   The Council encourages Members and staff to raise any concerns they have about fraud, bribery and corruption immediately as they occur. It will treat all concerns raised, seriously and in confidence.This is covered with all staff as part of their induction process.

8.   The Council has three senior officers who have particular responsibility for regulating the conduct of the Council and its activities. These are:

Chief Finance Officer	Responsible for the financial management, audit and financial probity of the Council and also for its proper personnel policies and practices.
Monitoring Officer	Responsible for the legal probity and avoidance of maladministration or injustice by the Council.
Chief Executive	Responsible as Head of Paid Service for the overall management and direction of the Council and for ensuring adequate staff resources for services.

9.   In addition each Group Head and senior manager have responsibility for the proper organisation and conduct of their service area.It is important that Managers and officers at all levels do not become complacent about the risk of fraud as this may have an impact in terms of the robustness of controls applied in practice. Please refer to the section on systems below.

10. Concerns should be raised with any of the above officers under section 8 or with the Council's Internal Audit Manager (Punita Talwar).

11. More detailed guidance and advice on how to raise any concerns relating to fraud, bribery and corruption is contained in the Council's Confidential Reporting Code (whistleblowing policy).

12. If anyone feels they are unable to raise their concerns through any of the above routes, under the Confidential Reporting Code they may contact 'Protect' (020 3117 2520 – advice line), a registered charity whose services are free and strictly confidential.

Prevention

13. The adoption of proper and adequate measures to prevent fraud, bribery and corruption is the responsibility of Members, Chief Executive, Deputy Chief Executives, Group Heads and other managers. Preventative measures can be classified under two broad headings - Codes/Procedures and Systems.

> **1. Codes/Procedures**
>
> All Members and staff need to be aware of, and have ready access to, the Council's agreed policies and procedures eg. Financial Regulations, Standing Orders, Codes of Conduct, Code of Corporate Governance and any relevant practice and procedure documents. A review of the Council's Constitution ~~is being~~/has been led by the Group Head of Corporate Governance. The Governance Framework ~~has been~~continues to be developed and enhanced to reflect the Council's significant property/asset portfolio. ~~increasing commercial asset acquisitions and investments~~.
>
> In particular staff must observe the Council's Code of Conduct for Staff (a copy of which is made available to all staff) and any relevant professional codes.
>
> References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity. Other vetting should be applied which gives due consideration to the nature of the appointed position.
>
> ~~Members will in particular observe the Spelthorne code of conduct adopted on the 27 June 2012 and subsequently revised on 25 June 2013 any other local Spelthorne code.~~ The Members Code of conduct is kept under review by the ~~Members Code of Conduct~~ Standards Committee. Members will be supplied with a copy of any relevant code, policy and procedure and advised of their responsibilities.
>
> ~~A review of the Confidential Reporting Code (Whistleblowing Policy), using a benchmarking tool to assess the effectiveness of whistleblowing arrangements has highlighted some areas for improvement (reported to Audit Committee November 2019) and the policy has been further developed.~~
>
> **2. Systems**
>
> The Council has and will maintain in place systems and procedures which incorporate internal controls, including adequate separation of duties to ensure that, as far as possible, errors, fraud, bribery and corruption are prevented.
>
> The Chief Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs. Financial procedures detail key financial systems and provide guidance which underpins the Council's Financial Regulations.

Chief Executive, Deputy Chief Executives, Group Heads and managers are responsible for ensuring that appropriate internal controls are properly maintained to minimise the risk of errors, fraud, bribery and corruption.

A detailed analysis of the risks associated with any service and how they are being addressed ~~should be carried out by managers and this is being promoted as part of developing risk management~~ has been integrated into the annual service planning process to enable greater alignment across corporate processes. Managers are responsible for ~~to~~ ensuring~~e~~ that fraud, bribery and corruption risks are minimised and Internal Audit will advise through the provision of independent assurance.

14. Detection and investigation

Concerns should be reported to one of the individuals referred to in paragraphs 8 and 10 above or in accordance with the Council's whistleblowing policy.

A detailed investigation of any concerns raised will be undertaken with the assistance of the Council's Internal Audit Service. The Group Head of Corporate Governance holds responsibility for responding to allegations of bribery and corruption relating to Members. The Council will deal with any instances of fraud, bribery or corruption swiftly. Disciplinary action will be taken if appropriate after the police have been informed/involved, and the relevant ~~Cabinet Member~~ Committee informed where necessary. Where the Council has adopted a prosecution policy for any business area (eg Housing Benefit Fraud or Housing register) this will be followed. Any lessons learnt from Investigations undertaken relating to systematic weaknesses will be highlighted and should feed back into improving fraud prevention/detection measures.

In the event that fraud is suspected on the part of contractors' employees or internally, by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The Council will inform and involve employing contractors or agencies when appropriate.

Counter Fraud measures - Given the significance of corporate fraud in national and local statistics and the cost to the taxpayer, the Council recognises the continued importance of collaborative working arrangements with other Councils/Partners to help prevent, deter, detect and investigate fraud, providing access to specialist skills and greater capacity to investigate fraud. The strategy to target areas of public fraud which are likely to generate greater financial returns ~~payback~~ (Business Rates and Social Housing) will continue. Such initiatives have demonstrated positive financial fraud returns for Spelthorne (notional and cashable savings) ~~in the areas of Housing, Business Rates, and Council Tax~~ and continue to do so. ~~These savings could be enhanced further through the use of Financial Investigator Resource to recover losses/assets (where appropriate).~~ For high-risk public fraud areas, Internal Audit will continue to collaborate with Services to promote awareness and encourage take up of counter fraud measures (these incorporate preventative as well as detective and investigatory approaches). It remains the responsibility and decision of Group Heads

and Service Managers to pursue/implement collaborative opportunities presented enabling sustained targeting of counter fraud measures. Some examples regularly promoted include enhanced pro-active vetting of Housing register applications (preventative measure), periodical County Wide Single Person Discount exercises led by Surrey to target Council Tax fraud, the use of Financial Investigator Resource to recover losses/assets (where appropriate), proactive fraud drives such as bulk data matching exercises with Registered Providers to target social housing fraud. There has been strong commitment across teams to pursue the bulk data matching initiative with A2D (currently undergoing legal due diligence stage) and this is explained in more detail in other reports along with positive anticipated returns.

Counter fraud measures targeting illegal sub-letting and other types of social housing fraud also contribute to the delivery of wider social benefits, enabling more social housing to be available to those people and members of the community who are genuninely in need of a home, leading to a reduction in housing applicant waiting times, reduced temporary accommodation costs and ultimately the need for fewer houses to be built. Positive results (proven fraud) are publicised periodically to serve as a deterrent.

External groups are attended with Surrey Partners including Whilst the Surrey Counter Fraud Board (SCFB) no longer meets on a regular basis, existing networks provide useful points of contact. This enables the sharing of best practice and approaches in tackling public fraud and provides opportunities to pursue joint counter fraud initiatives such as data matching. The importance of engaging with members of the public to join the fight against fraud is recognised. Spelthorne's fraud returns are collated quarterly and reported to the Surrey Counter Fraud Board, which enables some benchmarking and comparison across Surrey Partners. Periodical monitoring and analysis of Spelthorne's quantified fraud returns across categories and time intervals is included in Internal Audit reporting to Management Team and Audit Committee. These demonstrate financial savings (notional and where measurable cashable)/financial losses prevented for the Council and the wider public purse.

Awareness

The Council recognises the continuing effectiveness of the Counter Fraud, Bribery and Corruption Strategy depends largely on the awareness and responsiveness of Members and staff. It is essential that both Members and staff are made aware of the strategy when they join the Council and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the Council's activities. Action will be taken on a regular basis to remind both Members and staff of the importance the Council places on preventing fraud and corruption and investigating irregularities. Effective methods for mandatory training and raising awareness including face to face and online shall be periodically explored and delivered. For those Services administering areas that present higher risk of public fraud occurrence, as well as Registered Providers, periodical awareness raising, and training is delivered by the Service Provider (Reigate and Banstead Council). This serves as a reminder of the prevalence of fraud in these areas using anonymised case studies to bring the training to life and encourage any suspicions (no matter how small) to be referred for

investigation through correct channels. This promotes a zero tolerance to fraud culture across the Council

In accordance with the Government's Serious and Organised Crime Strategy, local Police representatives have previously provided ~~two~~ awareness raising sessions for staff and Members ~~during 2018~~ to identify areas where Spelthorne is at most risk of being targeted by serious and organised crime and highlight known vulnerabilities. During these sessions the importance of sharing intelligence with Law Enforcement Partners has been encouraged. Organised crime includes drug trafficking, human trafficking, child sexual exploitation, high value fraud and cyber-crime. Further consultation with the local police is ongoing and red flags /known risks will continue to be highlighted by the relevant Service Area (Community Safety) falling under Neighbourhood Services. Group Heads and Managers are responsible for assessing governance arrangements in place to combat risks in this area for their respective functions.