

## **CAMBRIDGE CITY COUNCIL**

### **PREVENTION OF FRAUD AND CORRUPTION POLICY**

#### **1 INTRODUCTION**

- 1.1 The purpose of this document is to outline the policies and procedures, which the Council has in place for deterring, reporting and investigating fraud, corruption and theft.
- 1.2 The Prevention of Fraud & Corruption Policy covers cases of fraud, corruption and theft committed by employees, Councillors, contractors, partners and members of the public and relates to allegations of such cases, which originate from anyone including Councillors, employees, partners and members of the public.

#### **2 CULTURE**

- 2.1 Cambridge City Council is committed to providing best value services carried out in accordance with the highest ethical standards. The Council will not tolerate any act of fraud, corruption or theft by either a Councillor or an employee, as such acts reduce the public's confidence in the ability of the Council to be managed in an honest, fair and effective manner. Neither will the Council tolerate fraud or corruption attempted by parties external to the Council.
- 2.2 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with honesty and integrity and that Council employees at all levels, and Councillors, will lead by example in these matters.
- 2.3 Where sufficient evidence exists in any fraud or corruption case it is the policy of the Council to refer the matter to the Police.
- 2.4 The Council's employees, Councillors and members of the public are encouraged to raise any concerns relating to possible cases of fraud, corruption or theft. Such concerns will be properly investigated and the outcome reported as appropriate.
- 2.5 The Council will endeavour to recover any losses as a result of fraud or corruption from the perpetrators, as appropriate.
- 2.6 The Head of Shared Internal Audit will report annually on the effectiveness of the Policy to the Council's Civic Affairs Committee, including a summary of any investigations concluded during the year.
- 2.7 The Head of Shared Internal Audit will be responsible for identifying lessons learnt from the outcome of any investigation and for ensuring that, where necessary, controls are strengthened in the areas concerned. They will also consider whether it is appropriate to share the outcome of an investigation with managers across the Council, with a view to preventing similar situations arising.

## **Seven principles for the conduct of individuals in public life**

2.8 The Council has an established governance framework which is supported by the seven Principles of Public Life. This sets the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings:

1. Selflessness	Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
2. Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
3. Objectivity	In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
4. Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.
5. Openness	Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
6. Honesty	Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. Leadership	Holders of public office should promote and support these principles by leadership and example.

### **3 PROCEDURES FOR THE PREVENTION AND DETECTION OF FRAUD**

- 3.1 The Council has well-defined procedures for the prevention and detection of fraud, corruption and theft:

#### **Internal Control Systems**

- 3.2 The Council's Constitution sets out [Financial Regulations and Financial Procedure Rules](#) which Councillors and employees are required to comply with in the conduct of Council business.
- 3.3 The Council has developed and is committed to maintaining systems and procedures which incorporate efficient and effective internal controls to manage the Council's risks and which include adequate separation of duties. These controls prevent and detect irregularities occurring. Directors are required to ensure that such controls are properly maintained and documented. Their existence and appropriateness are independently monitored by Internal Audit and the Council's external auditors.

#### **Recruitment and Employees**

- 3.4 Employees are recruited in accordance with procedures laid down by Human Resources. The HR Recruitment Team is responsible for carrying out all relevant pre-employment checks of potential employees. Criminal Records Bureau (CRB) checks are also undertaken by Human Resources for certain posts identified by management where the employee will be working with children, young people or vulnerable adults. Management are responsible for reviewing references in terms of performance, suitability and integrity.
- 3.5 The [Officer Code of Conduct](#) requires employees to maintain conduct of the highest standard such that public confidence in their integrity is sustained. The Code includes guidance on declaring any conflicts of interests, particularly in relation to any commitments outside of the workplace; acceptance of gifts, hospitality and sponsorship and maintaining separation of roles during tendering.

#### **Councillor**

- 3.6 All Councillors on accepting office are required to declare that they will be guided by the National Code of Local Government Conduct. The code sets out the requirements for disclosing pecuniary and other interests and gives guidance on accepting any offers of gifts or hospitality including reporting these matters to the appropriate senior officers of the Council. A [Code of conduct for members](#) is published as part of the Constitution.

#### **Complaints Procedure**

- 3.7 The Council has an established procedure for dealing with complaints from the public. Details are kept of all complaints and there is a complaints co-ordinator for every service. The way in which complaints are dealt with and the need for changes in response to complaints are monitored on a regular basis. If anyone is dissatisfied with the response to their complaint they can contact the Council's Internal Ombudsman. Where the complaint indicates possible fraud or corruption it is referred to the Head of Internal Audit for investigation.

## Welfare Benefit and Housing Fraud

- 3.8 In April 2015, responsibility for Welfare Benefit fraud investigation transferred to the Fraud and Error Service (FES) operated by the Department for Work & Pensions (DWP). The Council's Fraud Prevention Team (FPT) within the Revenues and Benefits Service acts as the 'single point of contact' for Welfare Benefit fraud enquiries, principally Housing Benefit, and undertakes Housing Tenancy, Right to Buy and Council Tax fraud investigations.

## 4 PROCEDURES FOR ANTI-BRIBERY

### Introduction

- 4.1 The Bribery Act 2010 came into force on 1 July 2011 and places additional requirements on 'commercial organisations'. Whilst the Council is not a 'commercial organisation' in terms of its normal local authority activities, guidance issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the National Crime Agency (NCA) states that a court would view a local authority as a relevant organisation for the purposes of the Act. It is important therefore that the City Council should have regard to the principles of the Act in the conduct of its activities and its policies and procedures, to ensure that it does not fall foul of the legislation.
- 4.2 The [Bribery Act 2010](#) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a new separate offence of bribing a foreign public official. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery.
- 4.3 The Act extends to all persons associated with the City Council, including employees at all levels and grades, those permanently employed and temporary agency staff; Members (including co-opted or external Members); suppliers; contractors; partners; volunteers and consultants.
- 4.4 The definition of 'Bribery' for the purposes of this policy is given below:

'Bribery' is defined as:

*The promise, giving, request, acceptance or receipt of a financial or other advantage (e.g. hospitality) to induce or reward a person for improper performance of a relevant function of activity. The advantage can be promised, given, requested, accepted or received either directly or via a third party.*

*The advantage can be for the benefit of the person performing the function or another person.*

### Policy Statement

- 4.5 Bribery is a criminal offence. Cambridge City Council does not, and will not pay, offer, or request bribes to anyone for any purpose, nor does it or will it accept or receive bribes or improper inducements from anyone for any purpose. To use a third party as a means to channel bribes to others is also a criminal offence.

- 4.6 The Council is committed to the prevention, deterrence and detection of bribery and has a zero-tolerance attitude towards bribery. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with honesty and integrity and that Council employees at all levels, and Councillors, will lead by example in these matters.
- 4.7 Areas of the Council's business that could be exposed to the risk of bribery include:
- Procuring of supplies, goods, or services;
  - Awarding concessions, grants, and licences;
  - Approving planning applications;
  - Selling or letting commercial properties;
  - Cancelling liabilities (e.g. business rates, debtors);
  - Allocating housing;
  - Recruiting staff;
  - Determining the course of enforcement action.
- 4.8 This is not an exhaustive list, but sets out some of the areas where there may be a risk of bribery arising.
- 4.9 This Policy does not change the Council's policy on gifts & hospitality, which is set out in the Employee Code of Conduct:  
[http://intranet.ccc.local/hr/documents/policy\\_code\\_of\\_conduct.doc](http://intranet.ccc.local/hr/documents/policy_code_of_conduct.doc).
- 4.10 The Code of Conduct makes it clear that you should:
- refuse any gift you are offered by external people you come into contact with at work, with the exception of small, low value items or where refusal is likely to offend the donor.
  - only accept hospitality where it is on a corporate rather than a personal basis, and it is appropriate to the occasion.
  - ensure there is a record of any gift or hospitality in the Gifts and Hospitality Register and that your Manager has authorised this.
- 4.11 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for, or associated with, the City Council. If you witness (or have reasonable grounds to suspect) that any act of bribery has/ is taking place, it is your responsibility to report the matter to the Head of Shared Internal Audit (by telephone: extension 8180 or (01223) 458180 or by e-mail: [whistleblowing@cambridge.gov.uk](mailto:whistleblowing@cambridge.gov.uk)).

## 5 REPORTING & INVESTIGATING POTENTIAL FRAUD & CORRUPTION

- 5.1 Allegations of fraud and corruption can be made **by** or **against** employees, members of the public, Councillors, contractors, suppliers or partners.
- 5.2 Senior managers are responsible for addressing any allegation of fraud or corruption reported to them and should do so by informing the Head of Shared Internal Audit immediately they are discovered.
- 5.3 The Council is committed to the highest possible standards of openness and accountability. In line with that commitment, we expect employees with genuine, serious concerns about any aspect of the Council's work to report their concerns to the Head of Shared Internal Audit and this is covered by the Council's Whistleblowing Policy – see [Human Resources Intranet](#).
- 5.4 Employees who report their concerns in good faith will be protected from reprisals or victimisation. However, if employees are found to have made allegations for malicious or vexatious reasons, disciplinary action may be taken against the employee concerned.
- 5.5 The Whistleblowing Policy adds an additional method of raising concerns for employees where it is felt inappropriate to approach their line manager, or if their line manager has failed to address their concern properly.
- 5.6 Any allegations against an employee are investigated by the Head of Shared Internal Audit and Human Resources. The relevant Director is informed of the investigation at the outset.
- 5.7 Where Council employees are suspected of fraud or corruption, Human Resources are responsible for ensuring that the investigation is conducted in accordance with Council procedures and employment law to protect the rights of both the Council and the individual(s) concerned. Internal Audit works closely with Human Resources during the investigation. The Manager, supported by Human Resources, is responsible for invoking any disciplinary procedures against the employee(s) concerned.
- 5.8 Allegations about a Councillor should be reported to the Council's Monitoring Officer. Allegations against a Councillor are investigated by the Chief Executive and the Monitoring Officer.
- 5.9 Allegations against members of the public or external organisations must be notified to the Head of Shared Internal Audit immediately they are discovered. The Head of Shared Internal Audit investigates the allegation in conjunction with the relevant department.
- 5.10 The Council also encourages members of the public to raise any genuine concerns, which will be appropriately investigated. If members of the public wish to report an allegation they should contact the Chief Executive or any Director of the Council.
- 5.11 Councillors who wish to report an alleged case of fraud or corruption should contact the Chief Executive, Head of Shared Internal Audit or the relevant Director, as appropriate to the allegation.
- 5.12 In cases of suspected Money Laundering, this should be reported to the Money Laundering Reporting Officer, currently the Head of Shared Internal Audit. More information on the procedures to follow in such cases is included in the Managers' Guide to Anti-Money Laundering.

**6 The process for raising and investigating different types of concern is summarised below in section: 1**

- 6.1 MATRIX FOR PROCESSING INVESTIGATIONS.
- 6.2 The decision to involve the Police will be made by the Head of Shared Internal Audit in consultation with the relevant Director.
- 6.3 Clear procedures are in place for briefing Members and senior officers of the Council of fraud investigations. See below for further details.

## 7 LIAISON WITH OTHERS

- 7.1 The Council has arrangements in place for the exchange of information with other agencies in relation to the detection and investigation of fraud and corruption, for example with the Cabinet Office for the National Fraud Initiative and the Department for Work and Pensions for Housing Benefit fraud. Any transfer of data between the Council and other organisations is conducted in a secure manner and in accordance with the General Data Protection Regulations and Data Protection Act.

## 8 FRAUD INVESTIGATIONS: PROCEDURE FOR BRIEFING MEMBERS AND SENIOR OFFICERS

- 8.1 This procedure note is intended to advise Directors, Internal Audit and other staff who may be involved in fraud investigations about the points at which they should ensure that appropriate senior officers and members are briefed. The procedure has to respect the need for confidentiality and the maintenance of proper impartiality where disciplinary action is contemplated. It supplements the requirement in the Council's Financial Regulations section 3.51 for Directors to notify the Head of Internal Audit of all suspected irregularities.
- 8.2 The procedure applies to all cases where the alleged fraud involves City Council staff or contractors. It also applies to fraud by members of the public.
- 8.3 At the point where officers decide there is sufficient evidence to warrant either:
  - i) commencing formal disciplinary proceedings; or
  - ii) referring an investigation to the policethe appropriate Director must ensure that the following are informed:

**Officers:** CEX and the Monitoring Officer

**Members:** The leaders of the political groups (CEX) and the party spokespersons (Director) for the relevant committee. This may be impractical if more than one committee is involved. In this case, CEX will brief the Group Leaders.

- 8.4 The content of the briefing required will depend on the nature of the case. Briefing for members can be done orally and if information is particularly sensitive this should be discussed in advance with CEX or Monitoring Officer so that the amount of information to be disclosed can be agreed. The contents of any briefing should be kept confidential by those that receive them.
- 8.5 You should bear in mind that if Members are briefed in any detail they may not be able to be involved in any subsequent disciplinary process. It is unlikely that the party leaders or spokespersons would be needed for this role, but this aspect should be discussed with the CEX or Head of Human Resources in advance.



- 8.6 As the investigation proceeds, it is important to keep the information to senior officers and members up-to-date and the Director should repeat the briefing to the CEX and Monitoring Officer and agreed Members as necessary and certainly where:
- i) an internal disciplinary case is likely to go to Members on appeal;
  - ii) an employee is summarily dismissed or resigns in circumstances which were likely to lead to dismissal;
  - iii) the police/CPS decide to either drop a case or proceed with charges;
  - iv) in the case of a prosecution, the court hearing date is given (or amended);
  - v) there is likely to be media interest for some other reason.
  - vi) the investigation finds there is no case to answer.
- 8.7 In the case of court proceedings the Head of Shared Internal Audit is responsible for checking regularly with the police, the Clerk to the Court or another relevant contact to obtain information on hearing dates and informing the CEX and the relevant Director(s) who need to ensure that Members are informed.

## 9 COMMITMENT TO FIGHT FRAUD AND CORRUPTION

- 9.1 The Council considers it has taken reasonable and appropriate steps to combat fraud and corruption within the Council. It is determined that these arrangements will continue to be effective in the future. The Council will therefore consider any future measures to combat fraud and corruption where the proposal can be demonstrated to be cost effective and successful. The Council is also committed to participating in any appropriate Central Government led fraud initiatives.
- 9.2 The Council's strategy will be subject to review to ensure it is kept up to date and relevant.

### Definitions of fraud and corruption

For the purpose of this strategy fraud and corruption are defined as:

**FRAUD:** *dishonest or improper behaviour or acts intended to secure an advantage, whether financial or non-financial, for the perpetrator or for a third party, or to cause loss or risk of loss to another.*

**CORRUPTION:** *the offering, giving, soliciting or acceptance of an improper inducement or reward in order to influence the action of a Member of the Council, employee, contractor or partner.*

### Relevant Contact Numbers

Chief Executive	(01223) 457001
Head of Shared Internal Audit	(01223) 458180
Head of Human Resources	(01223) 458101
Monitoring Officer	(01223) 457001
Fraud Prevention Team Leader (Revenues and Benefits)	(01223) 457731

## 10 MATRIX FOR PROCESSING INVESTIGATIONS

The Council has a diverse range of services and responsibilities. Investigations into fraud and corruption can vary and be complex, requiring input from multiple parties.

The relevant people who will take responsibility for completing the investigation will be established at the beginning of the referral. It is important that this work is allocated to people with the best skills and knowledge. Typically, this will be similar to the matrix below:

Concern identified									
Who is the concern about?	Employee	Member of the public	Contractor	Third party	Councillor	Housing Benefit	Council Tax	Housing tenancy and Right to Buy	Environmental crime
Who is the typical lead contact for investigation?	Internal Audit				Monitoring Officer	Fraud Prevention Team			Environmental Services
Who would also provide key support?	Human Resources Relevant manager				Chief Executive Independent Person	Revenue & Benefits Housing			Relevant manager
Helpful resources:	Prevention of fraud and corruption policy <a href="#">Whistleblowing policy</a> <a href="#">Code of conduct</a> <a href="#">National Fraud Initiative</a>				<a href="#">Member complaints process</a> <a href="#">Member code of conduct</a>	Prevention of fraud and corruption policy <a href="#">Report benefit fraud hotline</a> <a href="#">Report tenancy fraud hotline</a>			