

Public Document Pack

A MEETING OF THE BOROUGH OF TELFORD & WREKIN

Will be held at REMOTE MEETING
on THURSDAY, 16 JULY 2020
at 5.00 pm

All Members are summoned to attend for the transaction
of the under mentioned business



Associate Director: Policy & Governance

AGENDA

- 12.1 **Review of the Audit Committee Terms of Reference** (Pages 3 - 4)
Recommended that the amended Terms of Reference be adopted.
- 12.2 **Corporate Anti-Fraud & Corruption Policy - 2017/18 Annual Report and Policy Update** (Pages 5 - 22)
Recommended that the updated Corporate Anti-Fraud & Corruption policy be adopted.

FILMING, RECORDING & PHOTOGRAPHY

The Council supports the principle of transparency and encourages filming, recording and taking photographs at its meetings that are open to the public. It also welcomes the use of social networking websites (such as Twitter and Facebook) and micro-blogging to communicate with people about what is happening, as it happens.

There is no requirement to notify the Council in advance, but it should be noted that the Chairman of the meeting will have absolute discretion to terminate or suspend any of these

activities if, in their opinion, continuing to do so would prejudice proceedings at the meeting. Full details of the Council's protocol on audio/visual recording and photography at meetings can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/365/filming_photography_recording_and_use_of_social_networking_at_meetings

PUBLIC QUESTIONS

At each Ordinary meeting of the Council a period of 15 minutes will be allocated for public questions. Questions can be asked of The Leader and Cabinet Members. Details of the protocol for public questions can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/364/public_questions_at_council_meetings

Audit Committee Terms of Reference

The Committee has the responsibility on behalf of the Council for the overseeing of the Council's audit, governance (including risk management) and financial processes.

Delegated matters (i.e. Matters which can be decided (resolved))

- 1 The approval (but not direction) of, and monitoring of progress against, the internal audit Charter and plan
- 2 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary
- 3 To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee – governance (including information governance), internal audit, risk management, statement of accounts and external audit.
- 4 The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.
- 5 External Auditors:
 - a) Recommend the appointment of the External Auditors to the Council
 - b) Review and agree the External Auditors annual plan, including the annual audit fee
 - c) Receive regular update reports on progress and other reports of external auditor.
 - d) Meet privately with the external auditor as required.
 - e) Ensure that there are effective relationships between external and internal audit so that the value of the combined internal and external audit process is maximised
- 6 Consider the effectiveness of the Council's governance processes and their compliance with legislation and best practice including:
 - a) The Council's Code of Corporate Governance
 - b) The Council's information security framework
 - c) Receipt of the Caldicott Guardian's Annual report
 - d) Oversight of Commercial projects
 - e) The management of opportunities and risks
 - f) Other corporate governance arrangements
- 7 Be responsible for the review and approval of the authority's Annual Governance Statement ensuring that it properly reflects the governance, control and risk environment and any actions required to improve it. Following approval, it should accompany the Accounts.
- 8 To review and monitor the Council's Treasury Management arrangements including Treasury policies, procedures and the management of the associated risks and make recommendations to the Cabinet as appropriate.
- 9 Review and approve the Statement of Accounts, external auditor's opinion and reports on them to members and monitor management action in response to the issues raised by external audit.
- 10 To approve the Anti-Fraud and Corruption Policy and to recommend its adoption by the Council, and to monitor its operation. The policy will be reviewed at least once every two years.
- 11 To approve the Speak Up Policy ('whistle blowing') and to recommend its adoption by the Council, and to monitor its operation. This policy will be reviewed at least once every two years.

- 12 Recognising that Complaints/Compliments are a Cabinet function, the Committee should Review the Annual Complaints Report and seek assurances that the Council is improving in response to complaints raised
- 13 The meetings will follow the principles of scrutiny, i.e. no party whip will be applied and a constructive, evidence based approach will be used.
- 14 To ensure that adequate training is received by the members of the committee on the areas covered by these terms of reference.
- 15 To ensure that any sensitive or confidential information obtained as a result of membership of the Committee is treated as confidential.
- 16 Annually review their effectiveness and their terms of reference.

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 14 JULY 2020

CORPORATE ANTI-FRAUD & CORRUPTION - 2019/20 ANNUAL REPORT AND POLICY UPDATE

REPORT OF THE CHIEF FINANCIAL OFFICER

1. PURPOSE

- 1.1 For the Audit Committee to:
- Consider the 2019/20 Annual Report on Corporate Anti-Fraud and Corruption activity; and
 - Agree the updated policy and to recommend its adoption by the Council.

2. RECOMMENDATIONS

- 2.1 That the Audit Committee notes the 2019/20 Annual Report on Corporate Anti-Fraud and Corruption activity.
- 2.2 That the Committee recommends the adoption by full Council of the updated policy attached as Appendix 1.

3. SUMMARY

- 3.1 The Council is committed to high standards of Corporate Governance and has a set of effective procedures in place to support this. This includes the Anti-Fraud & Corruption Policy.
- 3.2 The terms of reference of the Audit Committee include:
“13. To approve the Anti-Fraud and Corruption Policy and to recommend its adoption by the Council and to monitor its operation. The policy will be reviewed at least once every two years.”
- 3.3 This report includes Appendix 1 which is an updated policy for members to agree and recommend on for adoption by the Council.

4. PREVIOUS MINUTES

- 4.1 Audit Committee 27th June 2017 - Annual Report 2016/17 and Policy update
Audit Committee 29th May 2018 - Annual Report 2017/18 and Policy update
Audit Committee 30th May 2019 - Annual Report 2018/19 and policy update

5. INFORMATION – ANNUAL REPORT 2019/20

- 5.1 The Anti-Fraud and Corruption Policy supports one of the key dimensions of good corporate governance – Standards of Conduct. The Council aims to ensure that all those associated with it maintain high standards of ethics and conduct in public life.
- 5.2 Nationally there are indications that fraud continues to rise and criminals are finding new ways to obtain criminal proceeds through fraud and local authorities are often targets of their criminal activity. Therefore it is important that the Council continues to be vigilant at all times.
- 5.3 This report contains information for 2019/20 on counter fraud and investigation activities within the Investigation Team, Internal Audit and Public Protection. The committee should note that

the Council's procedures and controls are designed to minimise the opportunity for fraud and to highlight areas where there may be a greater risk of possible fraudulent activity occurring.

5.4 Members and officers regularly receive information on their responsibilities in respect to the use of public money and the prevention and detection of fraud. They provide information for review and investigation by appropriately trained and experienced officers within the Council (and by the Police or other external party when required).

6. TRANSPARANCY CODE REQUIREMENTS

6.1 The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements as shown in the table below.

	Requirement Description	T&W Arrangements
1	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers.	We do not have social housing and therefore these powers have not been used in the last 12 months.
2	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	<p>Currently there is 1 Senior Investigation Officer and 1 Assistant Investigation Officer working in the Investigation Team. This equates to 2 FTE officers undertaking investigations.</p> <p>Other Council services undertake investigations into fraud, for example Public Protection. These tasks form an ancillary part of an officer's job role and therefore it would be difficult to identify what proportion of their role would be taken up undertaking fraud investigations.</p>
3	Number (absolute and FTE) of professionally accredited counter fraud specialists	Currently 2 Accredited Counter Fraud Specialists work in the Investigation Team.
4	Total amount spent by the authority on the investigation and prosecution of fraud	<p>The cost of the Investigation Team for 2019/20 was £93,717.40. Costs include staff, postage, printing, telephones, mileage, computer software and all other investigation related costs.</p> <p>As stated on point 2 above other areas do undertake investigations but it is difficult to attribute a cost to this as costs are consumed in overall budgets for each service.</p>
5	Total number of fraud cases investigated	See case investigation data in this report.

7. HOUSING BENEFIT AND COUNCIL TAX SUPPORT

7.1 The Housing Benefit and Council Tax Support caseload has decreased again over the last 12 months, from 16,876 (live cases) at 31 March 2019 to 16,144 at 31 March 2020. The

government's Welfare Reforms and the introduction of Full Service Universal Credit in the area on 14 November 2018 are the main factors. Universal Credit replaces six working age benefits including Housing Benefit. Full Service covers people with a wide variety of circumstances including families, those with a disability and those with housing costs with the exception of pensioners and those in supported or temporary accommodation or those with a severe disablement premium. Those entitled to Universal Credit are no longer eligible for Housing Benefit resulting in their claims being cancelled.

- 7.2 The review of claims in 2019/20 mainly concentrated on changes in earnings or occupation pensions received from the Department for Work and Pensions via their Verification of Earnings and Pensions (VEP) alerts. We have also reviewed cases where earnings appeared to show a very low or very high hourly rate based on hours worked when compared to earnings. The Benefits Team have also reviewed cases as part of the government's National Fraud Initiative.
- 7.3 The Council has followed the Department for Work & Pensions (DWP) lead in "securing the gateway". The DWP aim at "getting it right, and keeping it right" i.e. ensuring only those properly entitled are granted and paid benefit.
- 7.4 The Benefits Team continues to get a wealth of information from the DWP and we obtain the vast majority of such changes in this way. This has allowed the proactive work to be concentrated on getting the earning and Occupational Pension details of customers up to date.

Number of Verification of Earnings and Pensions Undertaken	4,530
Number of additional Proactive Reviews Undertaken	261
Weekly CTS Saving	£3,900
Annual CTS Saving	£207,593
Overpaid HB	£460,952

8. THE INVESTIGATION TEAM

- 8.1 The Investigation Team within Audit and Governance has responsibility for investigating fraud error and irregularity across the authority. Their work also includes the screening of reports of money laundering.
- 8.2 A high proportion of the Investigation Team's work comes from investigating matters affecting the Revenues service. This includes Council Tax Support (CTS), Single Person Discount (SPD), council tax liability issues and National Non-Domestic Rates (NNDR). The table at 8.7 details all the recorded savings made by the Investigation Team for 2019/20.
- 8.3 A small number of internal investigations that have been undertaken during the year. This includes one case that is currently in the court system and another case that is currently with Legal Services.
- 8.4 There is no way of accurately measuring the consequent effect and indirect savings that occur due to the team's work. If potential fraudsters are aware that the authority have an Investigation Team that undertakes work into all aspects of fraud against the authority, then they will be less likely to attempt to act fraudulently than would be the case if there was no team.
- 8.5 The team has a close working relationship with West Mercia Police Intelligence Team. A Service Level Agreement (SLA) exists which facilitates the sharing of data for the prevention and detection of crime. The team assists the Police on a daily basis in a variety of matters

under this agreement. Although this work can be time consuming, it is an extremely important facility in helping the fight against crime in the local community and helps keep local residents safer and at less risk of being the victims of crime. On occasions, information received from the Police may lead to investigations being conducted by the team which otherwise may not have been.

8.6 During 2019/20 a number of policies were updated or rewritten by the team in order to help with the expansion of the Investigation function along with two new training programs.

- Ant-Fraud and Corruption Policy
- Speak Up (Whistleblowing Policy)
- The Anti-Money Laundering Policy and the training course that accompanies it.
- A new 'Ollie' based Fraud Induction for all new starters.

8.7 Investigation Team Savings 2019/20

Fraud Area	Savings
Council Tax/Revenues Matters	£83,493
Corporate Fraud Investigations	£6,044
Housing Benefit	£86,415
Total	£175,953
Additional saving NFI	£50,487.33

8.8 National Fraud Initiative (NFI)

8.8.1 The Cabinet Office's NFI exercise is part of Central Government's national recognition that taxpayers have a right to expect public bodies to put in place every possible measure to protect their money from fraud. The Council has a statutory responsibility to provide data to the Cabinet Office for the prevention and detection of fraud as part of the NFI.

8.8.2 The team manage the National Fraud Initiative (NFI) and have facilitated the 2018/19 exercise. This is a lengthy and demanding piece of work which requires a considerable amount of officer time.

8.8.3 The National Fraud Initiative (NFI) 2018/19 matches are still being worked on in some areas as there are further up to date matches that come through. However, by 1st April 2020 the NFI had produced savings amounting to **£50,487.33**.

9. INTERNAL AUDIT

9.1 Internal Audit has a preventative role in ensuring that systems and procedures are in place to prevent and deter fraud, bribery and corruption. They assist Managers in ensuring they have appropriate systems and controls in place that are designed to prevent or reduce the opportunity for fraud. Their annual audit plan can include spot checks and unannounced visits to assist in the detection and prevention of fraud.

9.2 There is no specific time allocated to audit for proactive fraud work as this is consumed within the days allocated for general audit assignments. Proactive fraud days are now allocated to the Investigation Team.

9.3 Internal Audit also provides continuous advice and guidance to Managers to assist them in the prevention of fraudulent activity.

10. PUBLIC PROTECTION

10.1 The Public Protection Service which includes Trading Standards, Environmental Health and Licensing play a significant role in delivering the Council's response to business related fraud in the borough. The majority of the responses are based around statutory responsibilities refined to provide effective detection and countermeasures in respect to fraud. These services are not restricted as to whom its officers may investigate, and are constrained only by the limitations of the statute under which an investigation is being conducted.

10.2 Anti-Fraud responsibilities

10.2.1 All teams through the course of their routine work may come across irregularities. Where these irregularities are outside Public Protection's remit these are referred to agencies such as UK Border Force, Driving & Vehicle Licensing Agency, HM Revenues & Customs, Insurance Fraud Bureau, Police and internal service areas such as the Investigation Team and Revenues and Benefits Service.

10.3 Environmental Health

10.3.1 Fraud can occur in a number of areas that the Environmental Health service covers. The prevention and detection of unfit and debased food through inspection, sampling and intelligence is part of the team's role. Members of the public can now use the Everyday Telford App to report Food Crime.

10.3.2 Fraudulent use of health and identification marks is another area that the team investigate. All Approved Premises within the borough are checked to ensure they are applying the health mark appropriately when they are inspected. Inspectors will routinely check for health marks on animal products in retail establishments.

10.4 Licensing Service

10.4.1 Within the Licensing Service there are a number of areas of fraud that are investigated in addition to their other duties. These are listed below:

- Street trader consents - Prevention and detection of the illegal and highly lucrative transfer of street trader consents.
- Taxi licensing - Ensuring the correct vehicle is correctly insured and driven by the licensed driver.
- Scrap metal dealers licensing - Joint working with police to detect illegal trading in stolen vehicles and other stolen metal items such as copper cabling through scrap metal dealers.
- Street Collections, Charity collections - Identification, detection and enforcement of fraudulent collections

10.5 Trading Standards Service

10.5.1 The Trading Standard Service use specific legislation to help tackle fraud across the Borough. This includes:

- Intellectual Property crime – covering Copyright, Trademarks

- Consumer Protection from Unfair Trading legislation -. This legislation covers a wide range of goods and services including house purchases, animals, vehicles, food & drink and all personal and professional services.
- Cattle identification legislation - To prevent fraudulent transfer to limit disease spread.
- Weights and Measures - Misrepresentation of quantity or measure of goods supplied.
- Fraud Act

10.5.2 Trading Standards receives intelligence about rogue trader activities in Telford and Wrekin and deals with complaints about fraudsters that specifically target vulnerable and older people, carrying out unnecessary or misrepresented home improvement work and as a result defraud them out of thousands of pounds.

10.5.3 The team also works closely with the national scams team, visiting victims of fraud to offer advice and support. The service continues to educate and inform our residents of the many forms of financial abuse and helps to reduce and protect vulnerable adults through media campaigns and attending events.

10.5.4 Trading Standards have prioritised work around illicit tobacco and works closely with HMRC, West Mercia Police and other Local Authorities sharing intelligence, carrying out joint operations focussed on the supply of illicit products.

11. PUBLICITY

11.1 As per the policy, publicity of cases is important as a deterrent. The Investigation Team and Public Protection use Corporate Communications to issue press releases and social media to alert the public and inform businesses about relevant campaigns, interventions and prosecutions. The press releases are also published on the Council's website.

11.2 When any significant intervention or prosecution occurs then the relevant Director and Cabinet member are briefed accordingly. Any lessons learnt are shared within the relevant team meetings.

11.3 Where allegations of internal frauds have been investigated and procedures and controls are changed the lessons learnt are shared across the Council through the staff news, bulletins and in management meetings.

12. TRAINING AND AWARENESS

12.1 The Council ensures that both Members and Officers are aware of their responsibilities in respect to the Council's Anti-Fraud and Corruption Policy.

12.2 An online fraud training package is provided to all new starters within the authority. This covers all aspects of fraud and irregularity that can affect Telford and Wrekin Council and how officers can help prevent it and report any concerns.

12.3 Staff within Revenues & Benefits receive fraud awareness training as part of periodic refresher training. The Department for Work and Pensions also provide Benefit Officers with training in relation to Housing Benefit fraud.

12.4 For officers there is the Code of Conduct for Employees which is included as part of induction and is available on the intranet. The Code of Conduct has aspects built in to help with fraud prevention.

13. CHALLENGES FOR 2020/21

- 13.1 One of the main challenges for 2020/21 is to understand how the Covid-19 pandemic has impacted on the fraud risks to the authority. Unfortunately, situations such as these can open the door to those who seek to exploit organisations where they believe money is available and controls may not be as strong as normal due to the exceptional circumstances. This could be most notable in the awarding of business grants where extensive post award checking will be required due to the level of perceived fraud in this area.
- 13.2 Closer joint working with outside organisations such as the Police and possibly the Department for Work and Pensions as well as internally, with the various enforcement teams will help to combat fraud. However, the expansion of the team's function will need to be commensurate with the level of resource currently available within the team.

14. ANTI-FRAUD & CORRUPTION POLICY UPDATE

- 14.1 The current Anti-Fraud and Corruption Policy was reviewed, updated and agreed by the Audit Committee on 30 May 2019. The Anti-Fraud & Corruption Policy is reviewed annually to coincide with the annual report (unless urgent changes are required in between).
- 14.2 The updated Policy is attached as Appendix A. There are very few changes to this year's policy.

15. OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	The Anti-Fraud & Corruption policy operates within Equalities legislation and the Council's associated policies. Any investigations follow legal requirements and proper procedures to ensure that equality and diversity requirements are met.
Environmental Impact	None
Legal Implications	<p>The Accounts and Audit Regulations 2011 require the Council to ensure 'that the financial management of the body is adequate and effective and that the body has a sound system of internal control'. The anti-fraud documents help to fulfil this requirement.</p> <p>The Council will have full regard to relevant legislative requirements, including without limitation:</p> <ul style="list-style-type: none">• The Fraud Act 2006• Bribery Act 2010• Section 151 Local Government Act 1972• Section 5 Local Government & Housing Act 1989• Contracts Regulations 2015• Accounts and Audit Regulations 2011• The Council Tax Reduction Schemes (Detection and Enforcement) (England) Regulations 2013• Local Government Finance Act 1988• Regulation of Investigatory Powers Act 2000• Terrorism Act 2006• Proceeds of Crime Act 2002• Police and Criminal Evidence Act 1984• Companies Act 2006• Localism Act 2011

	<ul style="list-style-type: none"> The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
Links with Corporate Priorities	The policy supports all Corporate priorities and good corporate governance demonstrating the Council's desire to ensure sound conduct and ethical procedures for all those associated with the Council and its service delivery. Monitoring the policy provides the opportunity to identify if there are any changes required or additional areas of activity.
Financial Implications	Costs associated with the anti-fraud and corruption work outlined in this report are met from the Council's base budget. This includes staffing costs, training, marketing and promotion costs, stationery and any postage.
Opportunities and Risks	Having a policy which sets out the Council's anti-fraud and corruption culture and associated procedures assists in the management of the risk of fraud and corruption against the Council.
Ward Implications	Borough wide implications.

16. BACKGROUND PAPERS

Corporate Anti-Fraud and Corruption Policy 2019
Speak Up (Whistleblowing) Policy 2020
Benefits Counter Fraud and Sanctions Policy 2016
Cabinet Office requirements for the National Fraud Initiative
Trading Standards & Licensing Legislation

Report prepared by Andrew Hollis – Senior Investigations Officer – 01952 383899; Tracey Drummond – Principal Auditor – 01952 383105; Rebecca Owen-Jones-Benefit Assessment Group Manager – 01952 383881; Anita Hunt – Public Protection Manager (Trading Standards and Licensing) – 01952 381998.

ANTI-FRAUD AND CORRUPTION POLICY 2020

1. INTRODUCTION

- 1.1 The Council, through this policy demonstrates its zero tolerance of fraud, theft, bribery and corruption and its determination to deal equally with perpetrators from inside (members¹ and employees²) and outside the Council.
- 1.2 The policy outlines measures designed to frustrate attempted fraud, theft, bribes or corruption (defined in Appendix A) and the steps that will be taken if such action occurs. It is separated into four areas:-
1. Culture
 2. Prevention/Deterrence
 3. Reporting, Detection and Investigation
 4. Training
- 1.3 The Council also welcomes the high degree of external scrutiny of its affairs by a variety of external bodies. These bodies are important as they provide independent external challenge and highlight any areas where improvements to anti-fraud, anti-bribery and anti-corruption activities can be made.

2. CULTURE

- 2.1 The Council's co-operative values include openness and honesty which supports the Council's commitment to zero tolerance in respect to fraud, theft, bribery and corruption.
- 2.2 The prevention and detection of fraud, theft, bribery or corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. The anti-fraud, bribery and corruption culture and associated procedures assist the Council in its management of the risk of fraud, theft, bribery and corruption against the Council and are an integral part of its governance framework.
- 2.3 The Council's members, employees, partners, volunteers and governors play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud, theft, bribery and corruption, regardless of seniority, rank or status, confident in the knowledge that such concerns will be investigated and wherever possible be treated in confidence³. Suppliers/contractors to the Council and the public also have roles to play in this process and should inform the Council if they feel that fraud, bribery or corruption may have occurred. Examples of types of concerns are listed in Annex 1.
- 2.4 The Council will take appropriate action against those who defraud the Council or who are corrupt. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/members raising malicious allegations) will also be dealt with appropriately.
- 2.5 When fraud, theft, bribery or corruption has occurred due to a breakdown in the Council's systems or procedures, senior managers will ensure that appropriate improvements in systems of control are implemented within a reasonable timeframe to prevent a re-occurrence.

¹ The term "members" is used in the policy to include elected, co-opted and independent members.

² The term employees is used in the policy to include employees, temporary staff, volunteers, partners

³ The Council's Whistleblowing policy sets out how concerns can be raised (including anonymous information) and how they will be dealt with, including allegations in respect to fraud and corruption.

3. PREVENTION & DETERRENCE

3.1 MEMBERS

3.1.1 All members of the Council have a duty to the citizens of the Borough to protect the Council and public money from any acts of fraud, bribery or corruption. This is achieved through the Anti-Fraud and Corruption Policy, compliance with the Code of Conduct for Members, the Council's Constitution⁴, relevant legislation and any other protocols and procedures adopted by the Council.

3.2 EMPLOYEES

3.2.1 The Role of the Chief Financial Officer – one of the Directors⁵ has been designated the statutory responsibilities of the Chief Financial Officer as defined by s151 of the Local Government Act 1972. These responsibilities are set out in Annex 2.

3.2.2 Employees and their managers are responsible for controls and ensuring that adequate systems of internal control exist within their areas of responsibility, that these controls operate effectively and that they test them regularly to confirm this. They should also operate so as to prevent and detect fraud and implement appropriate controls into new/developed systems and new controls into existing systems to reduce the risk of fraud occurring or recurring.

3.2.3 Managers at all levels are responsible for managing the risk of fraud, theft, bribery and corruption through:

- a) Recruitment – following the Council's recruitment policies and procedures
- b) Appropriate induction and training in order for their staff to do their job
- c) Their adherence to and promotion of the Council's Values and the Employee Code of Conduct
- d) Providing awareness of the Council's constitution, appropriate policies and procedures (key documents associated with this policy are listed in Annex 2)
- e) Regular reminders, updates and vigilance in respect to fraud, bribery & corruption
- f) Encouraging staff to raise concerns with them or through the Speak Up (Whistleblowing) policy
- g) Encouraging staff to report suspected cases of fraud to the Investigation Team in Audit and Governance.

3.3 MEMBERS & EMPLOYEES

3.3.1 Both members and employees must ensure that they avoid situations where there is a potential for a conflict of interest⁶. Such situations can arise particularly with planning and land issues, procurement (especially tendering) and recruitment. Effective role separation is essential to ensure decisions made are based upon impartial advice to maintain public confidence in the Council's decision-making processes and avoid questions about improper disclosure of confidential information.

3.3.2 All members and officers are expected to fully co-operate with whoever is conducting fraud, theft, bribery and corruption investigations, proactive checks or data matching exercises.

3.4 INVESTIATION TEAM AND INTERNAL AUDIT

⁴ Including Financial Regulations and Standing Orders

⁵ Assistant Director Finance, & HR

⁶ Conflicts could also arise where employees have additional employment outside the Council but this is managed through the Private Works procedure.

3.4.1 The Investigation Team within Audit and Governance investigates cases of suspected financial irregularity, fraud, theft, bribery or corruption, in accordance with agreed procedures. This includes any Speak Up (Whistleblowing) referrals. Depending on the nature of the allegation, the matter could be pursued by the team or referred on to the Police, if it is felt that it requires Police involvement. The team works closely with outside organisations, such as West Mercia Police and the Department for Works and Pensions to help tackle fraud.

3.4.2 Internal Audit plays a vital preventative role in ensuring that systems and procedures are in place to prevent and deter fraud, theft, bribery and corruption and has specific rights within the constitution (see Annex 2). Internal Audit liaises with management to recommend changes in procedures to improve controls, reduce risks and prevent losses to the Authority.

3.5 BENEFITS AND COUNCIL TAX DISCOUNTS/EXEMPTIONS WITHIN TELFORD AND WREKIN COUNCIL

3.5.1 Benefits administration is recognised nationally as being complex to administer. This results in the scheme being prone to error and abuse. The Authority is committed to tackling poverty but it must also ensure that the administration of Housing Benefit and Council Tax Support is secure, fair and provides prompt help to those who are entitled. Equally, it must also be vigilant in tackling fraud and error to ensure value for taxpayers' money. This is also appropriate to the Revenues Service when awarding any discount or exemption on a council tax or business rate account. Both the Revenues Service and the Benefits Service operate within legislation, government guidance and local procedures with the aim of improving the quality and accuracy of benefit determinations and to prevent and reduce the incidence of fraud.

3.5.2 Housing Benefit fraud is investigated by the Department for Work and Pensions, while fraud within Council Tax Support is investigated by the Investigation Team within Audit and Governance.

3.6 DATA MATCHING

3.6.1 The Council participates in all mandatory data matching exercises most notably the National Fraud Initiative (NFI). In respect to both Revenues and Benefits there are also regular external exercises and the introduction of real time information to enable data matches from HRMC. In addition internal data matching exercises are undertaken at various times, for example matching council tax single person discount records with Electoral Role data. All exercises adhere to data protection requirements under the Data Protection Act 2018

3.7 EXTERNAL AUDIT

3.7.1 External Audit is an essential safeguard of the stewardship of public money. External Auditors will continue to operate through a Code of Practice that is designed to test (amongst other things) the adequacy of the Council's financial systems, the arrangements for preventing/limiting the opportunity for fraud and the arrangements for the detection of fraud, bribery and corruption. It is not the External Auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External Auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. Where External Audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

3.8 OTHER AGENCIES

3.8.1 Appropriate Council services have arranged (in compliance with the Data Protection Act 2018) the exchange of information on national and local fraud, theft, bribery and corruption activity with appropriate external agencies.

3.9 CONTRACTORS/SUPPLIERS AND THE PUBLIC

3.9.1 This policy, although primarily aimed at those within or associated with the Council, encourages contractors/suppliers and the public to assist in the Councils zero tolerance of fraud, bribery and corruption.

3.10 PROSECUTION AND RECOMPENSE

3.10.1 To support this policy the Council has a Corporate Prosecution Policy which is complemented by the Revenues and Benefits Sanction and Penalty Policy. The corporate policy is designed to clarify and ensure consistency in the Council's action in specific cases and to deter others from committing offences against the Authority. The Revenues and Benefits Sanction Policy ensures that Revenues and Benefits prosecutions are undertaken within the requirements of the relevant legislation.

3.10.2 Any sanction against Housing Benefit will be taken by the Department for Work and Pensions. Although, authorisation for administration penalties (fine as an alternative to prosecution) will still have to be provided by the appropriate person within Telford and Wrekin Council.

3.10.3 In addition to prosecution, the Council will seek to recover any money or assets fraudulently/corruptly obtained from the Council.

3.11 DISCIPLINARY OR OTHER ACTION

3.11.1 Theft, fraud, bribery and corruption are serious offences against the Authority and employees will face disciplinary action if there is evidence that they have been involved in these activities, including any deception to obtain a council tax discount and/or exemption. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case but in a consistent manner.

3.11.2 Members will face appropriate action under this policy if there is evidence that they have been involved in theft, fraud, bribery and corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a potential breach of the Code of Conduct for Members then it will also be referred to the Monitoring Officer.

3.12 PUBLICITY

3.12.1 The Council's Corporate Communications Team will optimise the publicity opportunities associated with anti-fraud, anti-bribery and anti-corruption activity within the Council. Information will be publicised in respect of prosecutions and other appropriate cases as a deterrent.

3.12.2 Fraud reporting can be made using internal and external reporting channels, both online and telephone to the Investigation Team. This is complemented by the Speak Up (Whistleblowing) Policy.

3.12.3 Internally, where the Council can learn from incidents the relevant points will be communicated to members and employees.

3.12.4 Any notifications received by the Council of possible regional/national frauds, scams or alerts will be communicated to employees and members, as appropriate.

3.13.5 All anti-fraud, anti-bribery and anti-corruption activities, including the update of this policy⁷, will be publicised in order to make employees, members and the public aware of the Council's commitment to taking action on fraud, bribery and corruption, when it occurs.

4. REPORTING DETECTION AND INVESTIGATION

4.1 All suspected fraud, theft, bribery and corruption irregularities (except Housing Benefit fraud) are required to be reported to the Investigation Team within Audit and Governance. This can be done through the online reporting form, via telephone, in writing and in person. The telephone number is 01952 383839. Any Speak Up (Whistleblowing) referral can be made through the same channels or by following the guidance in the Speak Up (Whistleblowing) Policy.

4.2 Any referral for suspected Housing Benefit fraud can be made directly to the Department for Work and Pensions by using the national fraud hotline 0800 854440 or online reporting mechanism. Any internal referral for Housing Benefit fraud that has occurred from processing an application by Benefit staff can be made using the recognised reporting form which can be passed to the Investigation Team to refer to the Department for Work and Pensions through established channels.

4.3 Internal Audit plays an important role in the detection of fraud. Included in their audit plan are specific fraud tests, spot checks and unannounced visits. However it is often the vigilance of employees, partners, volunteers, members, governors, suppliers/contractors and the public that aids detection

5. AWARENESS AND TRAINING

5.1 The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for Members, employees and affected external parties. The principles of this policy are integrated into the officer and member's induction programme and incorporated in the Member Development programme.

5.2 An online fraud training course is undertaken by all new employees of the Authority and is available to all relevant staff who wish to undertake it.

5.3 Specialist training for certain employees is provided by their service area due to their specific roles.

5.4 Regular awareness through corporate communication, staff news and Ollie will support the successful application of this policy. Full copies of the Anti-Fraud and Corruption Policy, the Fraud Response Plan the Whistleblowing policy and any other relevant policy are available on the intranet.

⁷ This policy will be reviewed annually and updated where necessary

ANNEX 1 DEFINITIONS OF FRAUD, THEFT, BRIBERY & CORRUPTION

Fraud is defined by the Audit Commission as:-

Fraud – *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”*.

In addition, fraud can also be defined as *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent”*.

The Fraud Act 2006 outlines three main offences of fraud:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

Basic Definition of Theft

A person is guilty of theft if they dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

Corruption is defined by the Audit Commission as:-

Corruption – *“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”*.

In addition, this policy also covers *“the failure to disclose an interest in order to gain financial or other pecuniary benefit.”*

Bribery is defined under the Act as:-

A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.

EXAMPLES OF THE TYPES CONCERNS that should be raised:

- * A criminal offence
- * A failure to comply with a statutory or legal obligation
- * Improper or unauthorised use of public or other official funds
- * A miscarriage of justice
- * Maladministration, misconduct or malpractice
- * Discriminatory behaviour
- * Endangering an individual's health and/or safety
- * Damage to the environment
- * Benefit Fraud
- * That offers or requests have been made in respect to a promise, gift, financial or other advantage to or from a person that results in improper performance of a decision or action
- * Deliberate concealment of any of the above

ANNEX 2

Roles and Responsibilities of the Chief Financial Officer (CFO) in respect to Financial Affairs including Fraud & Corruption

Section 151 of the Local Government Act (1972) sets out that in every local authority in England & Wales should:

“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs”.

Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Chief Financial Officer to report to the Council if the authority, one of its committees, the Leader and Cabinet Executive or one of its officers:

- Has made – or is about to make – a decision which has or would result in unlawful expenditure;
- Has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the authority; or
- Is about to make an unlawful entry in the Council’s accounts.

Section 114 of the LGFA 1988 also requires the Chief Financial Officer to nominate a properly qualified member of staff to deputise, should the Chief Financial Officer be unable to perform the duties under Section 114 personally.

Under the Constitution the CFO responsibilities of proper administration encompasses all aspects of local authority financial management including:

- provision of financial advice for service delivery, strategic planning and policy making across the authority;
- provision of advice on the optimum use of available resources on the management of capital and revenue budgets;
- provision of financial management information;
- preparation of statutory and other accounts, associated grant claims and supporting records;
- provision of an effective internal audit function and assistance to management in providing safe and efficient financial arrangements;
- the proper exercise of a wide range of delegated powers both formal and informal;
- provision of effective financial management systems and procedures;
- provision of effective income collection and payments systems;
- advising on treasury, investment and cash-flow management;
- advising on the safe custody of assets and insurance; and
- The recognition of the fiduciary responsibility owed to local tax payers.

KEY COUNCIL DOCUMENTS THAT SUPPORT THIS POLICY

(This list contains examples but is not exhaustive)

- Constitution
- Financial Regulations and Standing Orders and associated detailed procedures
- Fraud Response Plan
- Employee Code of Conduct
- Health and Safety Policies
- Corporate Information Security Policy (which includes the E-mail and Internet Usage Policies and IT Strategy).
- Gifts and Hospitality Guidance
- Equalities policies
- Private Works Procedure

CONSTITUTION POWERS FOR REPRESENTATIVES OF INTERNAL AUDIT

(Part 4 – Rules of Procedure: Section 6 – Financial Regulations paragraph 9.7)

9.7 The Chief Finance Officer's authorised Internal Audit representatives shall be empowered to:

- enter at all reasonable times any Council premises or land
- have access to all Council and partner records (includes business e-mails and internet records), documentation and correspondence relating to any financial and/or other transactions or other business of the Council, its employees or members, as considered necessary by the CFO, Monitoring Officer or Audit & Information Governance Manager.
- have access to records belonging to third parties such as contractors or partners when required
- require and receive such explanations as are regarded necessary concerning any matter under examination from any employee, member, partner or third party.
- require any employee or member of the Council or any partner/third party to account for cash, stores or any other Council property which is under his/her control or possession on behalf of the Council.



Version	Date	Author	Sent To	Comments
1.0	13/03/2020	A.Hollis	Rob Montgomery	New 2020 policy
1.0	6/05/20	A.Hollis	Anthea Lowe	Review
1.1	6/07/2020	A.Hollis	Andrew Hollis	Final