Introduction

1. The Royal Borough recognises that with over 4,000 employees, annual expenditure of some £600 million and equal income flows there is always the possibility of loss through fraud and corrupt activity by either internal or external perpetrators.

2. The Royal Borough takes its responsibilities to protect the public purse very seriously and is committed to the highest standards of openness and accountability in order to ensure the proper use and protection of public funds and assets.

3. The Royal Borough will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution.

4. This Anti-Fraud and Corruption Strategy summarises the Royal Borough’s position, building on the content of a number of corporate policy statements incorporated in the Royal Borough’s Constitution (Click here), namely;

   - Members Code of Conduct
   - Officers Code of Conduct
   - Whistleblowing Policy
   - Financial Procedure Rules
   - Procurement Procedure Rules and Contract Regulations

   The accompanying Fraud Response Plan provides guidance to staff and managers on what actions they need to take in the event of their becoming aware of or suspicious of a fraud or an act of corruption being committed against the Royal Borough either internally or externally by either internal or external individuals or organisations.

Definitions

5. There is currently no legal definition for fraud, the Royal Borough have adopted the following definitions for the purposes of this strategy:
Fraud: The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. (The definition covers various offences including; deception, forgery, theft, misappropriation, collusion and misrepresentation.)

Corruption: The act of offering, giving, soliciting or accepting of an inducement or reward, which may influence the action of any person.

Corporate Responsibilities

6. The Royal Borough is committed to the maintenance of a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. The Royal Borough’s endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported or identified will be dealt with in a professional and timely manner using all the sanctions available. Through the creation and enhancement of a strong anti-fraud and corruption culture the Royal Borough aims to deter potential perpetrators from targeting its finances and services.

7. The Royal Borough recognises through its employment procedures that effective recruitment and staff vetting arrangements are essential to ensure the integrity of all new staff. These include the screening of references and qualifications for new employees, Criminal Records Bureau checks for appropriate posts and the detailed appraisal of performance and ability during probationary periods.

8. The Royal Borough is committed to liaison and data exchange both internally and with external agencies such as other local authorities, the Department of Work and Pensions, the Police and the Audit Commission for the purposes of the detection of fraud and corruption. This includes local data matching between Council systems and being an active member of the Audit Commission’s National Fraud Initiative (NFI). The NFI is a national bi-annual data matching exercise involving all local authorities and many other public sector bodies.

9. The Royal Borough maintains appropriate contact points to facilitate public reporting of suspected Corporate, Housing Benefit and Parking fraud together with appropriate anti-fraud publicity and awareness campaigns. The Royal Borough has a Whistleblowing policy which is supported by a dedicated telephone hotline.

Councillors’ Responsibilities

10. The Royal Borough expects its Councillors to lead by example at all times and to maintain the highest standards of probity, honesty, integrity and accountability in their dealings with the Royal Borough.
This expectation is detailed in the Royal Borough’s Constitution under the Members Code of Conduct, available on the internet and intranet sites.

11. Councillors are required to declare any potential conflicts of interest which could be deemed to impact on the way they perform their roles for the Royal Borough. Councillors are also required to register any gifts or hospitality offered or received over a given value.

**Management Responsibilities**

12. Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud, therefore, rests with managers. Managers need to assess the types of risks and scope for potential internal and external frauds associated with the operations in their area. Internal Audit undertake independent assessments of the key risks and associated controls within systems across the Royal Borough.

13. Managers should ensure that all staff receive training in ‘Fraud Awareness’. The level and extent of this will depend on the work that individual employees carry out. When employees are an integral part of the control framework, it is crucial they are regularly reminded of fraud and risk issues. In many cases it may be sufficient to include information in the new employee induction process. The Head of Internal Audit should be consulted as necessary to provide advice on this.

14. Managers are required to report all instances of suspected, reported or detected fraud to the Head of Audit, who will offer advice on the best approach to each incident in line with the Council’s Fraud Response Plan. This ensures that there is a consistent and coordinated professional approach to all investigations and that the associated procedures are fully compliant with legislation. Any subsequent investigation will normally be a joint exercise between local management and the Internal Audit team.

**Employee Responsibilities**

15. Members of staff are a very important element in the Royal Borough’s efforts to combat fraud and corruption. The Council’s Financial Procedure Rules clearly state:
“All officers have a duty to act if they believe there is a possibility of fraud, corruption or poor value for money taking place or the rules are being breached.”

16. The Officers’ Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have.

17. The Code requires that employees report their suspicions or knowledge of any possible fraud or corruption to their Line Manager. Where an employee feels unable to use this route they are expected to report to the Head of Service or independently to the Head of Audit.

18. The Royal Borough’s Procurement Procedure Rules and Contract Regulations at paragraph 2.08 reminds employees that the Royal Borough regards any corrupt practices as completely incompatible with its public service role. It also states that it is a serious criminal offence for employees to solicit or receive any gift, loan or reward for showing favour in their official capacity. All employees must comply with the Officers Code of Conduct regarding the declaration of personal interests.

19. The Royal Borough’s policy on Money Laundering (click here) arising from the Proceeds of Crime Act 2002 also places an employee under a duty to report matters. Where an employee is aware of or suspects through the course of their duties that money laundering is occurring and fails to report this they could be deemed to be personally liable under the legislation with a maximum term of imprisonment of 5 years and unlimited fines. Contrary to popular belief money laundering does not just relate to large sums of cash and organised crime. It also includes smaller sums and activities such as individuals fraudulently claiming Housing Benefits for example. Full guidance on the Money Laundering Policy is available (here).

20. Through its Whistle-blowing Policy (here) the Council provides employees and councillors with the means to report instances of suspected fraud, corruption or breaches of the Council’s policies to senior managers, the Head of Internal Audit, the Director of Personnel and General Services, the Audit Commission and the independent charity, Public Concern at Work. The policy offers employees and councillors protection from recrimination and allows them anonymity if they so choose.

**Contractor Responsibilities**

21. The Royal Borough expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Royal
The Royal Borough requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. Contractors or their employees should report all concerns to the Council’s client-side staff who will in turn report the matter to the appropriate line manager.

**Internal Audit Responsibilities**

22. As part of the Royal Borough’s system of internal control the Internal Audit section are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agreed plan of audits to test the controls in place.

23. The Head of Internal Audit and Risk Management is responsible for providing a pro-active corporate anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption.

24. The Head of Audit and Risk Management is responsible for receiving and reviewing notifications of all frauds reported within the Council, monitoring all investigations, whether undertaken by Internal Audit or local management and analysing the fraud situation within the Council.

25. The Head of Internal Audit and Risk Management is responsible for making appropriate arrangements to co-ordinate the Council work on the Audit Commission’s National Fraud Initiatives and to undertake internal data matching across council systems.

26. The Head of Internal Audit and Risk Management is responsible for managing the Council’s whistleblowing hotline and monitoring to ensure that appropriate investigations are undertaken in accordance with the Whistle Blowing Policy.

27. The Head of Internal Audit and Risk Management is responsible for advising all Business Groups on all instances of reported or detected fraud or corruption and where appropriate undertaking any subsequent investigation.

28. The Head of Audit and Risk Management is responsible for reporting to and liaising with the local police on individual cases and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.

**General Public - Responsibilities**
The Royal Borough’s expectation is that residents, service users and other members of the public will not tolerate abuse of the Council’s assets or services. They are therefore encouraged to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Royal Borough. The public are made aware of the fraud hotlines managed in Housing Benefit, Parking and Internal Audit. These hotlines are supported by on-line report forms and appropriate media campaigns including handouts and posters. The contact numbers(addresses) are secure and provide the caller with immediate access to the appropriate investigation team where all referrals will be treated professionally and in confidence.

The telephone numbers/email addresses to make reports to are:

**General Fraud and Corruption Issues**

Internal Audit: 020 7361 3783, email: john.barnett@rbkc.gov.uk

Whistleblowing: 0800 783 2406

**Housing Benefits Issues**

Housing Benefit Investigations Team:

020 7361 3795, email: andrew.hyatt@rbkc.gov.uk

**Resident Parking Passes**

Enforcement Team: 0207 361 4231, email: nick.day@rbkc.gov.uk