

# Anti-Fraud and Anti-Corruption Strategy 2020-2025

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## 1.0 Introduction

Carmarthenshire County Council is one of the largest unitary Authorities in Wales, and the largest local employer with over 8,000 staff. We have an annual budget of over £586 million, and provide hundreds of services to over 180,000 residents. The Council owns significant assets, operates a range of systems and deals on a day to day basis with a wide range of contractors and customers. The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably put Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

Fraud is not a victimless crime and can affect us all.

**The monetary cost** – in monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.

**The human cost** – There are other not so obvious costs as a consequence of some frauds. E.g. a consequence of Council Housing Tenancy Fraud is that available housing spaces are reduced thereby depriving families and vulnerable people on the waiting list.

Good Corporate Governance requires that the Authority must demonstrate clearly that it is committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate

financial benefits and those that do not. [The Well-being of Future Generations \(Wales\) Act 2015](#) requires each public body to carry out sustainable development, which means the process of improving the economic, social, environmental and cultural well-being of Wales. The role of this strategy will play an important part to ensure we follow the 7 principles of Good Governance set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) by behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law. Managing risks and performance through robust internal control and strong public finance management. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Council has a high degree of external scrutiny of its affairs by a variety of bodies including:

- Public Services Ombudsman for Wales
- Wales Audit Office
- Central Government Departments and Parliamentary Commissions
- Her Majesty's Revenue and Customs
- The Department of Works and Pensions
- Welsh Government

This strategy is closely linked to current policies within the Authority which provide staff with guidance on the prevention and reporting of fraud and corruption. These include Financial Procedure Rules, [Whistleblowing Policy, Behaviour and standards of the Authority](#), and [Benefit Fraud Procedures](#).

## 2.0 Scope

This strategy applies to:

- All Carmarthenshire County Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council-funded voluntary organisations;
- Carmarthenshire County Council's partners;
- NHS partners;
- Carmarthenshire County Council Schools;
- Council suppliers, contractors and consultants;
- Customers.

## 3.0 Definitions - Fraud and Corruption

Carmarthenshire County Council has a **zero-tolerance** stance to all forms of fraud, corruption and theft, both from within the council and from external sources. We recognise that fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Carmarthenshire; and
- Result in major consequences which reduce public confidence in the Council.

### 3.1 What is Fraud?

Fraud is a criminal act or omission of deception intended for personal gain or to cause a loss to another person or organisation (Fraud Act 2006, UK Legislation) this includes:

- **Knowingly making a false representation** – where an individual dishonestly and knowingly makes a representation that is untrue or misleading.
- **Failing to disclose information** – where an individual wrongfully and dishonestly fails to disclose information to another person when they have a legal duty to disclose it, or where the information is of a kind that they are trusted to disclose it, or they would be reasonably expected to disclose it.
- **Abuse of position** – Where an individual who has been given a position in which they are expected to safeguard another person's financial interests dishonestly and secretly abuses that position of trust without the other person's knowledge.

Fraud may be committed against individuals, businesses, or other organisations including Councils.

Fraud may be committed by persons internal or external to the Council, either acting alone or as part of a group.

### 3.2 What is Corruption?

Corruption is regarded as:

The offering, giving, soliciting or accepting of any inducement or reward, which would influence the actions taken by the body, its members or officers.

The Bribery Act 2010, UK Legislation identifies the criminal offence of bribery and identifies 4 key offences:

- **Bribing another person** – A person commits an offense by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary: intending that advantage to induce a person to perform improperly a function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or knowing or believing that accepting the advantage would itself be improper performance of a function.
- **Being bribed** – A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else’s benefit: that person intends that, as a consequence, there is improper performance of a function or there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a function.
- **Bribery of a Foreign Public Figure** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public

official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced; and

- **Failing to prevent Bribery** – A company is ‘strictly liable’ for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

The maximum penalty for the offenses is 10 years imprisonment and/or an unlimited fine. For the failure to prevent an offense, the fine alone applies.

### 3.3 What is Theft?

- A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; and “thief” and “steal” shall be construed accordingly.
- It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit.

[\(The Theft Act 1968.Legislation.gov.uk\)](#)

### 3.4 What is Money Laundering?

Money Laundering is the process by which criminals attempt to ‘recycle’ the proceeds of their criminal activities in order to conceal its origin and ownership whilst retaining use of the funds.

The burden of identifying and reporting acts of money laundering rests within

the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and

advice sought from the Head of Revenues and Financial Compliance.

The Council recognises its responsibilities under the [Money Laundering Regulations 2007](#) and the [Proceeds of Crime Act 2002](#).

**3.5 Areas to be addressed by this Strategy**

The Anti-Fraud and Anti-Corruption Strategy 2020-2025 will aim to address the following areas:



#### 4. Culture

The culture of the Council has always been one of openness and the core values of Integrity, Taking Responsibility and Excellence support this. Carmarthenshire County Council is committed to the highest ethical and moral standards and is determined that the culture of the organisation is that of **honesty, integrity** and **transparency** and fundamental to these core values is its commitment to combat fraud and corruption.

The prevention/detection of fraud, bribery and corruption and the **protection of the public purse** are responsibilities of everyone, both internal and external to the organisation. The Council's Elected Members and employees play an important role in creating this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.

Carmarthenshire County Council will continue to be committed to a policy of **zero tolerance** in relation to Fraud and Corruption. The Authority aims to provide excellent public services and needs to ensure propriety and accountability in all matters. The public has a right to expect that public funds are spent appropriately, transparently and on essential services in an efficient, effective and economic manner. The Council is determined to protect itself and the public from fraud and corruption. It is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption, which is designed to:

- Raise awareness of fraud and corruption,
- Encourage prevention,

- Promote detection,
- Perform investigations and facilitate recovery,
- Act as a deterrent against future fraud and corruption,
- Allow the Authority to act in the strongest way against any wrongdoing,
- Maintain, monitor and communicate policies and related procedures,
- Not tolerate false accusations of fraud.



## 5. Reporting Fraud and Corruption

As per the Financial Procedure Rules:

*Any case of suspected fraud or corruption by any officer or member of the Council must be reported immediately to the Head of Revenues and Financial Compliance. Where cases are logged on the Whistle blowing Database, the Monitoring Officer will be responsible for formally referring the case to the Head of Revenues and Financial Compliance. No internal investigation should be attempted by any Department. The Head of Revenues and Financial Compliance will arrange for the necessary investigation to be carried out. Where, as a consequence of the investigation, there appears to be reasonable grounds to indicate that an officer has been guilty of fraud or corruption, the Head of Revenues and Financial Compliance will discuss the matter with the Section 151 Officer who will be responsible for deciding whether the matter should be formally referred to the Police.*

*All cases of suspected fraud or corruption will be reported to the Authority's Chief Executive.*

**Thefts:** *Where cash or items are stolen, such incidents should normally be immediately reported to the Police. If it is suspected that a member of staff may have been involved in the theft, it may be appropriate to liaise with Internal Audit prior to formally referring the case to the Police. This decision must be made by the Divisional Heads of Services depending upon the circumstances. Where the issue is referred directly to the Police, the Head of Revenues and Financial Compliance must be made aware of the referral as soon as is reasonably possible. All thefts of cash or items should be notified to the Head of Revenues and Financial Compliance.*

Reports of fraud are encouraged from all sources, including staff and the public.

Fraud can be reported confidentially in the following ways:

### 5.1 Housing Benefit Fraud:

Allegations of fraud can be reported online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

You can also report benefit fraud by telephoning the National Benefit Fraud Hotline. The Hotline is available Monday to Friday 8am to 6pm on 0800 854440, they also have a dedicated Welsh Hotline on 0800 6783722.

### 5.2 Council Tax Reduction Fraud/Council Tax Discount & Exemption Fraud:

Allegations of fraud can be reported online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

### 5.3 Blue Badge Fraud or Misuse:

It is an offence to misuse a blue badge and can result in a prosecution, a fine of up to £1000, confiscation of the badge plus any additional penalty for the related parking offence. If you think someone is misusing a blue badge parking permit you can report this online to [fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk) or by telephone to the Council's Fraud & Compliance team on 01554 742129.

### 5.4 Other Frauds perpetrated against Carmarthenshire County Council:

If you would like to speak to someone about frauds perpetrated against Carmarthenshire County Council, you can contact the Head of Revenues and Financial Compliance on 01267 246223.

The Public can also make an appointment at one of our Customer Service Centres in Ammanford, Carmarthen or Llanelli. If you



are deaf or hard of hearing we can also provide a sign language interpreter, please let us know when you make an appointment.

You can also email us at [direct@carmarthenshire.gov.uk](mailto:direct@carmarthenshire.gov.uk).

Carmarthenshire County Council has a [Whistleblowing Policy](#) managed by the monitoring officer. This policy enables employees to raise concerns and also safeguard their interests in line with the Public Interest Disclosure Act 1998.

### **5.5 Monitoring and Reporting**

An annual report will be provided to the Authority's Audit Committee to monitor the implementation of this strategy.

Regular reports of suspected and proven frauds will be provided to the Corporate Management Team (CMT). The CMT will monitor the effectiveness of Counter Fraud arrangements across the Authority.

## **6. Detection and Investigation**

Internal Audit plays an important role in the detection of fraud, bribery and corruption. Included in their strategic plan are reviews of system controls including financial controls and specific fraud and corruption tests and will make spot checks. Internal Audit undertakes extensive data matching exercises to detect potential fraud comparing data sets between and within systems to identify discrepancies, which may indicate fraudulent activity.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. The Council's Whistle

Blowing Policy is intended to encourage and enable staff to raise their concerns.

The Authority will continue to contribute to the National Fraud Initiative, co-ordinated by Wales Audit Office (undertaken every 2 years) where sets of data on a range of service provision are compared with other Local Authorities and Public Body Data to identify exceptions, which could include fraudulent activity.

Any decision to refer a matter to the Police of suspected fraud or corruption for a criminal investigation will require the involvement of the Director of Corporate Services, The Head of Revenues and Financial Compliance and the relevant Director, or in their absence any of these officers or their nominated representatives.

Under the Authority's **zero tolerance** approach, all cases of Fraud and Corruption are discussed with the Police with a view to progressing the prosecution.

Depending on the nature of the allegation the Head of Revenues and Financial Compliance will work closely with the Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.

The Authority's [Disciplinary Procedures](#) will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Cases in respect of Elected Members will be referred to the Public Services Ombudsman for Wales.

Investigations are undertaken without delay and by suitably qualified staff within Internal Audit and the Fraud & Compliance team, who are aware of Data Protection and Human Rights issues and in particular the Regulation of Investigatory Powers Act 2016. Under this Act strict conditions are imposed when undertaking observations

and surveillance and these require specific approval.

## 7. Prevention

Our aim is to stop fraud and corruption from happening in the first place. In line with the Well-being of Future Generations (Wales) Act 2015, we will act to prevent problems occurring or getting worse, by understanding the root cause of the issue and preventing reoccurrence, ensuring:

- There are clear rules and procedures within which Members, employees and customers can work; these are maintained, communicated and enforced.
- There is a robust Internal Control Environment established and there are appropriate levels of internal checks included in working practices, particularly financial procedures.
- We work with other organisations/partners to prevent and detect fraud and corruption.
- That the established Code of Conduct for Members and staff is effective.
- We work with partners to prevent fraud and improve intelligence.
- That the Authority's strategy on Anti-Fraud and Anti-Corruption is promoted to all parties including members, staff, service users and customers.
- Fraud Risks are included in the Corporate and Service Risk Registers.
- Where appropriate, to reduce risk, we will work to remove cash from the system by considering digital cashless options.
- We will provide appropriate training to staff and Members on the prevention and detection of fraud and corruption.

A robust Internal Control Environment must be embedded within the Council

whereby Senior Management ensure that effective controls are in place within all systems to reduce the risk of fraud or corruption.

Internal and External Audit provide support to management by undertaking an independent evaluation of internal controls, reporting to management and where necessary to Audit Committee.

The Executive Board Member elected as the Council's Counter Fraud Champion will promote the Council's **zero tolerance** fraud culture.

### 7.1 Working with Other Organisations/Partners

In line with the Well-being of Future Generations (Wales) Act 2015, we work with others in a collaborative way to find shared sustainable solutions. The Authority increasingly collaborates with agencies and other bodies to provide effective services; this includes collaboration with the Department for Work and Pensions (DWP) and the Police. A current Memorandum of Understanding in place with Dyfed Powys Police emphasises our intention and commitment to combatting fraud and corruption against the Authority.

Management must ensure that the necessary framework to counter fraud and corruption are in place when the Authority is working with other organisations, either by way of contract or partnership. The Authority should not enter into any contractual agreement with an organisation that fails Carmarthenshire County Council to uphold Codes of Practice and/or other related procedures.

### 7.2 Members

Members are required to adhere to the ['Code of Conduct for Members and co-](#)

opted Members'. This code provides rules on the declaration of interest, gifts and hospitality. A register is maintained and Member Declarations of Interest are formally recorded in the minutes.

### **7.3 Staff**

Employees must abide by the [Council's Code of Conduct for Employees](#). The Code details the standards all employees must uphold to maintain the integrity of the Council's activities. The Code includes rules regarding relationships, gifts and hospitality, confidentiality, personal conduct and the requirement for conflicts of interest to be declared.

### **7.4 Joint working to prevent Fraud and Corruption**

Carmarthenshire County Council will continue to maintain and develop its links with other organisations in its efforts to prevent fraud and corruption.

Carmarthenshire County Council works alongside other Authorities as part of the Welsh Chief Auditors Group, where fraud concerns are discussed and considered. Fraud is not restricted to boundaries and this type of collaboration allows best practice, skills, knowledge and intelligence to be shared by all Authorities.

## **8. Promoting Anti-Fraud and Corruption Awareness**

Carmarthenshire County Council informs its stakeholders via Staff News E-mails, monthly newsletters, the Council's website and social media pages of Anti-Fraud and Anti-Corruption initiatives.

This covers issues such as:

- Fraud initiatives relating to reducing Benefit Fraud.
- Public Protection issues relating to bogus traders.
- Fraud warnings relating to false invoices/lottery scams.

Internal Audit will publicise the Anti-Fraud and Anti-Corruption Strategy on the Intranet with other up to date advice and guidance on current issues and will facilitate fraud awareness training to staff as and when required.

The Authority supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties are highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Council.

## 9. Aims and Objectives of the Strategy

### *We aim to:*

#### Make better use of resources

Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Carmarthenshire residents and visitors.

#### Prevent Fraud, through understanding the root cause of problems and driving improvements for long-term impact

Create and promote an 'anti-fraud' culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft.

Provide recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity.

Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and if proven, we may take disciplinary or legal action.

#### Work with others in a collaborative way to find shared, sustainable solutions

Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

## 10. Conclusion

Carmarthenshire County Council prides itself on setting and maintaining high standards and a culture of openness, with core values of **Integrity, Taking Responsibility** and **Excellence**. This Strategy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.

The Authority is committed to **zero tolerance** in relation to fraud and corruption and has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation to safeguard the interests of the Council and its customers.

Carmarthenshire County Council will maintain a continuous review of all these systems and procedures to ensure their relevance and effectiveness.

## FRAUD AND CORRUPTION REPORTING FLOWCHART

### FRAUD OR CORRUPTION IS DETECTED OR SUSPECTED

**Action to take:**

Inform the appropriate officer using the following flowchart.

**DOES THE OFFENCE RELATE TO HOUSING BENEFITS, COUNCIL TAX OR BLUE BADGES?**

Yes

No

**CONTACT THE FRAUD INVESTIGATION OFFICER**

[fraud@carmarthenshire.gov.uk](mailto:fraud@carmarthenshire.gov.uk)

01554 742129

**CONTACT THE HEAD OF REVENUES AND FINANCIAL COMPLIANCE**

[HLPugh@carmarthenshire.gov.uk](mailto:HLPugh@carmarthenshire.gov.uk)

01267 246223

The Head of Revenues and Financial Compliance will assess the information and discuss with the Authority's Section 151 Officer.

A decision will be made as to whether the matter should be referred to the Police to request a criminal investigation.

Where an employee is suspected of fraud, consideration will be given to the need to suspend the employee as part of invoking the disciplinary procedure.

**All cases of suspected fraud or corruption will be reported to the Authority's Chief Executive.**