

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	19 FEBRUARY 2018	AGENDA ITEM:	9
TITLE:	ANTI-FRAUD AND CORRUPTION POLICY		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	FINANCE
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of the Anti Fraud and Corruption policy is to set the responsibilities of members, managers and employees in respect to anti fraud and corruption activity.
- 1.2 The Council's anti fraud policy statement has been formally reviewed and updated to ensure that the policy remains up to date and fit for purpose. Accompanying the policy is the fraud response plan.
- 1.3 Attached to this report in Appendix 1 - Anti-Fraud and Corruption Policy

2. RECOMMENDED ACTION

- 2.1 The Committee is asked to approve the contents of the revised Anti Fraud and Corruption policy.

3. POLICY CONTEXT

- 3.1 The Council's Anti Fraud and Corruption Policy (AFCP) is designed to encourage prevention, promote detection and identify a clear pathway for investigation. The policy is supported by the fraud response plan which is intended as a quick guide for all staff to understand the requirements for reporting suspicious activity, whilst summarising how investigations will be conducted and what action will be taken on proven cases of fraud.
- 3.2 The policy is closely linked to the Council's Whistle Blowing Policy (WBP) and new Anti Money Laundering Policy (AMLP). The WBP enables any serious concerns to be raised confidentially about the behaviour of staff in a number of areas without fear of victimisation or discrimination. The AMLP sets out the procedures and reporting requirements that must be followed to enable the

Council to comply with its legal obligations in respect of anti money laundering legislation.

Communications and Promotion

3.3 The Council promotes its policies on anti-fraud and corruption in a number of ways:

- All policies are available on the Council's intranet and website. Information is available as part of the constitution, HR guidance and internal audit & investigations web pages.
- Broadcast e-mails are periodically sent out to all staff that have access to e-mail promoting the strategy, response plan and the fraud hotline.
- The Whistleblowing hotline posters are displayed across the Council as well as other Council establishments.
- Staff contracts and induction training make reference to key governance and ethical policies.
- e-learning for Council and school staff to encourage the identification and reporting of fraud, corruption and money laundering.

4 Anti Fraud Coverage

4.1 Investigations are undertaken as required and reported in compliance with the Anti Fraud and Corruption policy. Systems are regularly reviewed for weakness and recommendations are made and followed up to rectify any weaknesses that have led to fraud.

4.2 To assist in investigations and networking the Council is a member of the National Anti-fraud network (NAFN), which provides useful access to information to assist investigations. Audit networks both regional and national also provide useful exchange of information on significant instances of frauds.

4.3 The Council also participates in the National Fraud Initiative including the submission of required data and the investigation of high risk matches for potential fraud. Further detailed data is securely provided to other Authorities in support of their investigations.

4.4 The internal audit plan is devised on the basis of risk. Part of the risk assessment includes findings from previous audit work including irregularities or areas that are more susceptible to fraud.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The maintenance of governance with the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance by ensuring effective management practices are in place. Therefore preventing loss, and by deterring others from committing fraudulent activity helps to safeguard the Council's resources to be able to achieve the Corporate Plan priorities.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 N/A

7. EQUALITY IMPACT ASSESSMENT

7.1 There are no equality issues arising from this report

8. LEGAL IMPLICATIONS

8.1 Non adherence to this Strategy may facilitate serious financial and corporate governance weaknesses. It is a mandatory requirement that the Council adheres to the laws which are applied within the Strategy, i.e. Fraud Act, Bribery Act and the Theft Act etc. The Anti-Fraud and Corruption Strategy is the umbrella document demonstrating the activities taking place to combat fraud and corruption. Fraud and corruption exists in many formats and impacts (amongst other matters) upon the Council's finances, service delivery and our customers. A realistic Anti-Fraud and Corruption Strategy helps to address all areas of prevention, detection and prosecution/sanction of potential and actual illegality.

9. FINANCIAL IMPLICATIONS

9.1 There is no direct financial implication arising from this report

10. BACKGROUND PAPERS

10.1 N/A

Policy Statement

Anti-Fraud and Corruption Policy including Fraud Response Plan

March 2018

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1. INTRODUCTION

- 1.1 The Anti-Fraud and Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it.
- 1.2 In meeting the Council's responsibilities relating to fraud and corruption, whether attempted internally or externally, the Council is committed to an effective anti-fraud and corruption policy designed to:-
- encourage prevention;
 - promote detection;
 - ensure effective investigation where suspected fraud or corruption has occurred; and
 - prosecute offenders where appropriate.
- 1.3 There is an expectation and requirement that all members, employees, consultants, contractors, and service users be fair and honest, and if able to do so, provide help, information and support to assist the investigation of fraud and corruption.

2. DEFINITIONS

- 2.1 The Fraud Act 2006 is legislation that has been introduced in order to provide for absolute clarity on the subject of fraud. It replaced certain parts of other legislation (e.g. parts of the Theft Act 1968 and 1978) which were generally untidy, had become difficult to operate and were open to arguments on technicalities.
- 2.2 Section 1 of the Fraud Act 2006 introduced a new general offence of fraud and three ways of committing it:
- Fraud by false representation;
 - Fraud by failing to disclose information; and
 - Fraud by abuse of position.
- 2.3 Fraud by false representation requires:
- Dishonesty;
 - An intent to make gain or cause loss; and
 - The person makes the representation knowing that it is or might be false or misleading.
- 2.4 Fraud by failing to disclose information requires:
- Dishonesty;
 - An intent to make gain or cause loss; and
 - Failure to disclose information where there is a legal duty to disclose.

2.5 Fraud by abuse of position requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Abuse of a position where one is expected to safeguard another person's financial interests.

Corruption

2.6 Corruption is 'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.' It is an offence under the Prevention of Corruption Acts 1889 - 1916 as amended and section 117(3) of the Local Government Act 1972.

Bribery

2.7 Bribery can be described as giving someone a financial inducement or other form of advantage to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so, in order to gain a personal, commercial, regulatory or contractual advantage. The Bribery Act 2010 came into force on 1 July 2011.

Money Laundering

2.8 Money laundering is a term applied to any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to RBC is relatively low and the provisions of the Money Laundering Regulations 2007 do not strictly apply to RBC as an organisation, RBC has adopted an Anti-Money Laundering Policy as good practice. This Policy supports all staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 2000.

3 RULES AND PROCEDURES

3.1 The Council has various procedures and rules to ensure that the day to day operations and activities are properly controlled and are an important part of the internal control framework.

3.2 These include:-

- Council Constitution including Financial Regulations;
- Contracts Procedure Rules;
- Code of Conduct for Councillors;
- Officers' Code of Conduct; and
- Scheme of Delegation.

- 3.3 Individual Services will have also introduced their own measures designed to control their activities e.g. schemes of delegation, working manuals, procedures etc.
- 3.4 Directors need to ensure that staff have access to these rules and regulations and that staff receive appropriate training.
- 3.5 Reports of incidents involving elected members will be passed to the Monitoring Officer to be dealt with in accordance with the *Member Complaints Procedure*.
- 3.6 Failure to comply with the rules and regulations may result in formal action being taken. In the case of employees this would be through the Council's disciplinary process and for members the appropriate political Group disciplinary processes.
- 3.7 It is the responsibility of the Monitoring Officer to report complaints about Councillor Conduct to the Standards Committee. The terms of reference of the Standards Committee, and the procedure for dealing with complaints about Members, are in Article 9 of the Council's Constitution.
- 3.8 The Audit & Governance Committee complements the work of the Standards Committee in relation to its role in promoting high ethical standards and ensuring adherence to the code of conduct for members and officers.

4 BEHAVIOUR OF MEMBERS AND EMPLOYEES

- 4.1 The Council is resolute that the culture and tone of the Authority is one of honesty and opposition to fraud and corruption. The Council expects Members (elected and co-opted) and employees (including agency staff, consultants and contractors) to lead by example in ensuring effective opposition to fraud and corruption. This includes ensuring adherence to legislation, local rules and regulations, national, professional and local codes of conduct and that all procedures and practises are beyond reproach.
- 4.1 The Secretary of State has specified the general principles¹ which are to cover the conduct of members and co-opted members. The Council has developed its working behaviour around these principles.
- 4.2 The Council's Codes of Conduct for Members and employees set out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members and employees must act in line with the codes at all times.
- 4.3 The Council's employees are a vital element in its stance against fraud and corruption and they are positively encouraged to raise any concerns that they may have.
- 4.4 All information supplied will be dealt with fairly and confidentially. The aim will be to avoid revealing the names of persons who supply information.

¹ seven principles of public life identified in the First Report of the Committee on Standards in Public Life (the *Nolan Committee*)

- 4.5 Directors are expected to deal firmly and quickly with those who are corrupt, who seek to corrupt, who defraud, or who seek to defraud the Council. Cases involving staff will usually lead to disciplinary action, which may result in dismissal. Where there is prima facie evidence that a criminal offence has been committed it is the policy of the Council to refer the case for prosecution.
- 4.6 There is a need to ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, may be dealt with as a disciplinary matter.
- 4.7 In relation to complaints involving Members, the Audit & Investigations Team will consult the Monitoring Officer on whether or not the complaint falls within the scope of the Members' Code of Conduct and if so, what further steps (if any) should be taken.

5 PREVENTION OF FRAUD AND CORRUPTION

- 5.1 A key preventative measure against fraud and corruption is an adequate internal control framework covering all the Council's systems both financial and non-financial which support the delivery of services. The corporate rules and procedures referred to at paragraph 3.2 form part of this framework. The operation and adequacy of the internal controls in individual systems is the responsibility of Directors and is subject to regular review by both Internal and External Audit.
- 5.2 A further preventative measure against fraud and corruption exists at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with the Council's Recruitment and Selection Policy, which requires written references to be obtained and identity documents to be checked.
- 5.3 When recruiting for posts that involve work with children or vulnerable adults, or where otherwise deemed appropriate, the screening process must include assessment and checks by the Disclosure and Barring Service.
- 5.4 All employees are required to report receiving any gift or hospitality to their manager who should decide if the gift is acceptable or should be declined. It must be recorded in a register maintained by the directorate. The type of hospitality offered and the person/organisation offering it must also be recorded in the register maintained by the Directorate.
- 5.5 Members are required to declare their personal and prejudicial interests in accordance with the Code of Conduct for Members and voting Co-opted members and to act in accordance with the code.
- 5.6 Employees are required to declare their personal interests in accordance with the Officers Code of Conduct.

Data Matching

- 5.7 The Council will undertake data matching exercises in accordance with Data Protection legislation for the purposes of identifying and reducing fraud and corruption.
- 5.8 Regular data matching files and Real Time Information (RTI) are received from the DWP and the information used to identify any incorrectness of a Housing Benefit or Council Tax Support claim.
- 5.9 The Council also takes an active part in the National Fraud Initiative as organised by the Cabinet Office. This involves submitting data we hold in various departments of the Council for matching to that held by other organisations and following up promptly any matches received back.

Probity Audits

- 5.10 Probity audits will be included in the Internal Audit Plan, as time allows, aimed specifically at identifying potential irregularities or providing assurance that they do not exist.

Fraud Warnings

- 5.11 The Corporate Investigations Team will be the focal point for any fraud warnings on potential external threats or attacks that have occurred in other organisations and will take appropriate action to identify or prevent similar incidents occurring at this Council. This includes processing the Intelligence Bulletins published by the National Anti-Fraud Network.

Whistle-Blowing

- 5.12 Our approach to whistleblowing enables employees (through the Staff Whistleblowing Policy), councillors and members of the public to express any concerns they have about illegal or illegitimate practices involving the council. The whistleblower can raise their concerns without fear of victimisation, discrimination or disadvantage.
- 5.13 Employees are encouraged to raise concerns through their immediate line manager or head of service in accordance with the staff whistleblowing policy. Concerns can be reported by calling 08000430699, sending an email to Whistleblowing@reading.gov.uk, or by writing to Corporate Investigations Team, Civic Offices, Reading RG1 2LU.
- 5.14 The Council's Whistleblowing Policy also seeks to reassure individuals that they will be protected from possible reprisals if they make disclosures in good faith.

It is the duty of all individuals to report a suspicion of financial irregularity to their Manager, or other method identified above. Such disclosures will be treated in accordance with the Whistle-blowing Policy.

5.15 Contractors with the Council are also encouraged to raise genuine concerns as part of their contract terms and conditions.

Referrals from the Public

5.16 Members of the public are encouraged to report genuine concerns through the designated channels. Examples are dedicated on-line forms, email addresses, and postal mail addressed to the Investigations Team or Chief Auditor. More information can be found on the Council's website (<http://www.reading.gov.uk/fraud>). Members of the public can also report fraud whilst contacting the Council either by phone or in person for other reasons and systems are built in place to ensure all reports of fraud are recorded and acted on.

5.17 The Council also has a *Corporate Complaints Policy* through which complaints can be made on a wide range of subjects. These can reveal suspicions of dishonesty.

6 DETECTION AND INVESTIGATION OF FRAUD AND CORRUPTION

6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of the internal controls in a system may alert employees to potential fraud. However, many frauds are discovered by chance or 'tip off'.

6.2 Financial Regulations require Directors to notify the Chief Auditor immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Under the code of conduct employees are expected to report any impropriety or breach of procedure to the appropriate manager. Reporting cases in this way is essential to the Anti-Fraud and Corruption Policy and to ensure that:

- all suspected cases of fraud and corruption are investigated properly;
- the fraud response plan (Appendix 1) is carried out properly;
- there is a standard process for dealing with all suspected cases of fraud and corruption; and
- people and the Council's interests are protected.

6.3 The Council's Confidential Reporting (Whistleblowing) Policy is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998.

6.4 The Audit & Investigations Team will consult with Directors to decide on the type and course of investigations. Human Resources staff will also be consulted and involved where appropriate in investigations, particularly where they may lead to disciplinary action. This will include referring cases to the Police where necessary. Audit & Investigations Officers may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal case.

7. SANCTIONS

- 7.1 When an investigation's findings supports the suspicion that fraudulent or corrupt activity has occurred, action will be taken in accordance with the *Fraud Response Plan*, which requires all types of sanctions - disciplinary, civil and criminal - to be considered.
- 7.2 Any disciplinary action against employees will be taken in accordance with the Council's *Employee Disciplinary Rules and Procedures*. For elected members, sanctions used for breaches of the Members Code of Conduct will be taken in accordance with the *Members Complaints Procedure*.
- 7.3 Where fraud or impropriety has been perpetrated by organisations/ individuals with whom the Council has a contractual relationship the Council will take action, including where appropriate, terminating the contract, publicising findings and civil recovery proceedings.

8. REDRESS

- 8.1 The Council will seek to recover any losses fraudulently obtained from it and where necessary the costs incurred in doing so.
- 8.2 We will consider all means available to recover these amounts including possession orders, compensation claims, civil litigation, making an application for recovery from an employee's pension fund and general debt recovery.
- 8.3 The Council will also take advice to be able to use the investigatory powers available under the Proceeds of Crime Act and the use of restraint and confiscation orders.
- 8.4 Other forms of redress to recover losses, (such as making a claim against our insurance cover) or to prevent further fraudulent activity by the perpetrator, (such as notifying their professional body); will also be used wherever appropriate.

9 TRAINING AND AWARENESS

- 9.1 The Council recognises that an important aspect of its Anti-Fraud and Corruption Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, appropriate provision will be made through online fraud awareness training and bribery and corruption training through Learning and Development and communications. Training on specific fraud topics will also be provided to those members and employees most likely to encounter that type of fraud such as procurement, commissioning, collusion and bid rigging.
- 9.2 The investigation of fraud and corruption is carried out in consultation with Services by the Council's Audit & Investigations Team whose skill base in investigative techniques is maintained by appropriate training.

- 9.3 In addition the Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.
- 9.4 Managers should ensure that staff are adequately trained to carry out their duties and are aware of how to comply with the Council's policies.

10 REVIEW OF THE POLICY AND ITS EFFECTIVENESS

- 10.1 The Council has an array of measures and procedures to assist in combating fraud and corruption. It is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond to any future government incentives for the detection of fraud. The Anti-Fraud and Corruption Policy and its effectiveness will be the subject of regular review.

11 WHO TO CONTACT

- 11.1 Advice and guidance on how to pursue matters of concern may be obtained from:-

Monitoring Officer

0118 93 72602

Head of Human Resources

0118 93 74500

Chief Auditor

0118 9372695

Fraud & Investigations Manager

0118 93 72143

APPENDIX 1 - FRAUD INVESTIGATION PLAN

1 INTRODUCTION

- 1.1 The Council is committed to the highest possible standards of openness, probity and accountability in all its affairs. The Anti-Fraud and Corruption Policy document outlines the principles the Council is committed to in relation to preventing, reporting and managing fraud and corruption.
- 1.2 This Fraud Response Plan reinforces the Council's firm approach by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud or corruption and how the Council will deal with such complaints.

2 WHAT DOES THE COUNCIL WANT TO KNOW ABOUT?

- 2.1 This Plan is intended to be implemented where suspicions of fraud or corruption have been raised.

Examples of fraudulent or corrupt acts

- 2.2 The examples/areas of risk listed below apply to local authorities in general. It is not an exhaustive list.

Employee Fraud where benefit is obtained directly from the Council

- Theft of cash or other assets e.g. building materials which involves false accounting to conceal the loss.
- Where Council equipment is used for personal use e.g. unauthorised private use of Council vehicles.
- Undertaking personal tasks in 'works time' - e.g. shopping, unauthorised use of IT facilities such as the Internet, and any other such activities that could reasonably fall under this classification.

Employee Fraud against a third party

- Where an employee abuses a position of trust to defraud a third party e.g. a social worker who has access to the cash and property of an elderly person or a teacher in charge of school funds.

External Fraud

- Where individuals or companies fraudulently obtain money from the Council, e.g. invalid invoices/work not done.
- Money Laundering - "the process by which criminal proceeds are sanitised to disguise their illicit origins".
- Benefit fraud - false declarations of income or statements of residency.
- Tenancy - Fraudulent applications for housing or successions of tenancy and subletting of the property.
- Right to buy - Fraudulent applications under the right to buy/acquire

- Business rates - Fraudulent applications for exemptions and reliefs, unlisted properties
- Blue Badge - Use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.
- Social care payments - Overstatement of needs through false declaration, multiple claims across authorities, third party abuse, posthumous continuation of claim.

Corruption and Bribery

Areas of the highest risk include:-

- Tendering and award of contracts.
- Settlement of contractors' final accounts and claims.
- Appointment and reward of consultants.
- Canvassing for appointments.
- Acceptance of hospitality and other benefits e.g. free holidays.
- Awarding of permissions, planning consents and licences.

In the case of any doubt about the seriousness of any concerns, advice and guidance can be obtained from the Chief Auditor on 0118 9372695 or Fraud & Investigations Manager on 0118 93 72143

- 2.6 Other activities of Council officers which are unlawful, fail to comply with Council procedure, rules or policies or which fall below established standards or practices may be investigated under this plan following consideration by management and on advice from Human Resources and Internal Audit. Concerns or allegations which fall within the scope of other, existing, procedures (e.g. child protection or discrimination issues) will normally be dealt with under those procedures.

3 SAFEGUARDS

Confidentiality - All concerns will be treated in confidence and every effort will be made not to reveal the identity of employees if they so wish. At the appropriate time, however, employees may need to come forward as witnesses.

Anonymous Allegations - This policy encourages individuals to put their names to allegations. Concerns expressed anonymously are much more difficult to act upon, but they will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include:

- the seriousness of the issues raised;
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

Untrue Allegations - If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, individuals make malicious or vexatious allegations, disciplinary action may be considered against the individual making the allegation.

4 WHAT SHOULD AN EMPLOYEE DO IF THEY SUSPECT FRAUD OR CORRUPTION?

- 4.1 Employees are often the first to realise that there is something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 4.2 The Council's Confidential Reporting (Whistleblowing) Policy is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem or passing details to the media or other external bodies. This policy has been discussed with the relevant Trade Unions and has received their approval. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998.
- 4.3 A full copy of the Whistleblowing Policy is available on the Council's intranet ([Whistleblowing-Policy](#)) and website (<http://www.reading.gov.uk/whistleblowing>)
- 4.4 Where appropriate, employees should normally raise concerns with their immediate manager or their supervisor who, if the claim can be substantiated, will inform the Chief Auditor. The nature of the complaint will determine the Council's course of action.
- 4.5 Audit & Investigations can be contacted by phone on 0118 9372695, by email at [Audit Services](#) and [Corporate Investigations Team](#) or by writing to the Chief Auditor, Reading Borough Council, Finance Services, Magistrates Flat, Civic Offices, Bridge Street, Reading RG1 2LU.

5 WHAT SHOULD A MEMBER OF THE PUBLIC DO IF THEY SUSPECT FRAUD OR CORRUPTION?

- 5.1 The Council encourages members of the public who suspect fraud and corruption to contact the Chief Executive or Internal Audit Section in the first instance.
- 5.2 The Audit & Investigations Team is a unit, which operates independently of all other Council Services, and has the following objectives in relation to fraud and corruption:-
 - To promote an anti-fraud culture.
 - To deter, prevent, detect and investigate fraud and corruption.
 - To see appropriate action is taken against those who commit fraud or corruption.
 - To obtain compensation in respect of any losses to the Council.

5.3 The Audit & Investigations Team can be contacted by phone on 0118 9372695 or 0118 93 72143, by email at Services.Audit@reading.gov.uk or AntiFraud@reading.gov.uk or by writing to the Chief Auditor, Reading Borough Council, Finance Services, Magistrates Flat, Civic Offices, Bridge Street, Reading RG1 2LU.

6 HOW THE COUNCIL WILL DEAL WITH ALLEGATIONS OF FRAUD OR CORRUPTION

6.1 For issues raised by employees or members of the public, the action taken by the Council will depend on the nature of the concern. The matters raised may:

- be investigated internally; or
- be referred to the Police where there is evidence of a criminal offence.

6.2 Within five working days of a concern being received a designated officer will write to the complainant in those instances where the complainant has provided contact details:-

- acknowledging that the concern has been received;
- indicating how it is proposed to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- indicating whether any initial enquiries have been made;
- supplying information on staff support mechanisms, and
- indicating whether any further investigations will take place, and if not, why not.

6.3 The Council accepts that people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will receive information about the outcome of any investigation and whether any changes/improvements are to be made to systems and procedures as a consequence.

7 ALTERNATIVE METHODS FOR TAKING A COMPLAINT FORWARD

7.1 If either a member of the public or an employee feels it is right to take the matter outside these processes, the following are possible ways forward:

- Local Councillors - details of how to contact and surgery hours are on the Council's web site www.reading.gov.uk.
- Ernst & Young - the Council's external auditors. They are completely independent from the Council and can be contacted on 0118 928 1100 or by writing to Ernst & Young, Apex Plaza, Forbury Road, Reading, RG1 1YE
- Trade Unions - employees may invite their Trade Union to raise a matter on their behalf.
- Relevant professional bodies.
- Solicitors.

- Thames Valley Police - suspicions of fraud or corruption may be reported directly to the Police who can be contacted on 101.
- The Local Government Ombudsman - this is an independent body set up by the Government to deal with complaints against Councils in the United Kingdom. Advice can be obtained on 0300 061 0614.
- Public Concern at Work - this is a charity, which provides free and strictly confidential legal help to anyone concerned about a malpractice which threatens the public interest. They operate a helpline on 020 7404 6609 or can be e-mailed at whistle@pcaw.co.uk. More information is on their website at www.pcaw.org.uk.

7.2 If employees take matters outside the Authority, it will be necessary to ensure that they do not disclose confidential or legally privileged information. As such, it is advisable that employees take appropriate advice before proceeding.

8. INITIATING ACTION

Detection

8.1 Suspicion of fraud or irregularity may be captured through a number of means, including the following:

- Supervision and checking controls
- Random spot checks by managers
- Operation of proper management and control procedures
- Following a complete audit trail
- Regular and similar complaints
- Performance of financial reconciliations
- Suspicions of fraud reported by staff (it is important that staff know that any reported fraud will be acted upon and they are protected against victimisation or dismissal under the Public Interest Disclosure Order 1998).

Protection when raising a suspicion

8.2 When staff bring information about a wrongdoing to the attention of their employers or a relevant organisation², they are protected in certain circumstances under the Public Interest Disclosure Act 1998. Disclosures are more commonly known as ‘whistleblowing’.

8.3 Qualifying disclosures are disclosures of information where it is reasonably believed (and it is in the public interest) that one or more of the following matters is either happening, has taken place, or is likely to happen in the future.

- A criminal offence
- The breach of a legal obligation
- A miscarriage of justice

² Relevant organisations or prescribed people/bodies for local authorities are: the Council’s external auditors and the Comptroller and Auditor General, through the National Audit Office.

- A danger to the health and safety of any individual
- Damage to the environment
- Deliberate attempt to conceal any of the above.

Action to be taken

- 8.4 All actual or suspected incidents of fraud will be reported without delay to the Line Manager, Fraud & Investigations Manager and/or Chief Auditor. Referrals can be made via the online reporting page found on the Council's website www.reading.gov.uk/fraud.
- 8.5 If the Line Manager receives the initial contact, you must:
- Be responsive to staff
 - Note all relevant details, and note documentary evidence
 - Objectively evaluate the suspicion and refer to CIT or CA where necessary
 - NOT DELAY IN REPORTING THE SUSPICION
- 8.6 On initial evaluation of the referral it will either be closed for no further action or allocated to an appropriate individual for further action.
- 8.7 Investigating officers are required to ensure that investigations are objective, fair and complete and that they comply with the relevant statutory provisions and internal procedures including The Regulation of Investigatory Powers Act 2000 (RIPA)³

Corporate Policy & Procedure.

- 8.8 Where criminal activity is suspected the investigators may notify the police and seek their advice. In such instances the Police will be responsible for taking forward any investigation and providing advice in respect of any preliminary enquiry to be undertaken. Any internal investigations will continue to be progressed alongside the criminal one supporting the Police in their investigation, and may result in dismissal.

Prevention of further loss

- 8.9 Where initial enquiries provide reasonable grounds for suspecting a member or members of staff of fraud, the Council will decide how to prevent further loss. This may result in the suspension, with or without pay of the suspect(s); it may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action. Regard should be paid to guidance below in relation to disciplinary action.
- 8.10 In these circumstances, the suspect(s) will be approached unannounced. They will be supervised at all times before leaving the premises. They will be allowed to collect personal property under supervision, but will not be able to remove any property belonging to the Council. Any security passes and keys to premises and equipment will be collected.

³ RIPA – a law to govern the interception and use of electronic communications

8.11 The Council will consider the best means of denying access to its premises/property while the suspect(s) remain suspended (for example removing access passes and informing staff not to admit the individual(s) to any part of the premises). Similarly, access permissions to all computer systems will be withdrawn.

9. ESTABLISHING AND SECURING EVIDENCE

9.1 Following an allegation or the report of a suspicion of fraud, information to determine whether fraud is a possibility will initially be obtained by the investigating officer(s):

Discreet enquiries

9.2 The Council must follow up any such suspicions or allegations; this may involve enquiries with members of management, employees, volunteers or contractors. These will be carried out in such a way as to ensure that innocent individuals are not harmed by false accusations; and in the event of a fraud having been committed to avoid alerting the perpetrators.

Review of documents/records

9.3 Security of records once a suspected fraud is reported - steps will be taken immediately to prevent the theft, alteration, or destruction of relevant records. Such actions may include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to where the records currently exist, and preventing the individual(s) suspected of committing the fraud from having access to the records. The records must be adequately secured until the investigator or the Police obtain the records to begin an investigation.

9.4 The investigator or Police may consider whether it is necessary to extend the investigation beyond the initial suspicion, to determine the extent of any fraudulent activity.