**FALKIRK COUNCIL – ANTI-FRAUD AND CORRUPTION STRATEGY**

# Introduction

* 1. Falkirk Council aims to provide excellent public service, and is committed to a culture of honesty, integrity, and propriety. The Council has a zero tolerance approach to fraud and corruption, with this Strategy setting out the Council’s commitment to the prevention and detection of fraud and corruption, and our rejection of practices aimed at bypassing our framework of internal control.
  2. All Falkirk Council elected Members and Officers are responsible for safeguarding public monies and are required to demonstrate that all appropriate steps have been taken to ensure that fraud and corruption are not tolerated.
  3. The Strategy is a high level statement of intent. A framework of procedures and guidance is in place to support the Strategy. The Strategy, and all supporting guidance, will be periodically reviewed, updated and, if necessary, further developed.

1. What is meant by Fraud and Corruption?

2.1 The term ‘fraud’ is commonly used to describe a wide variety of dishonest behaviour such as deception, corruption, money laundering, forgery, false representation, theft, embezzlement, bribery, and concealment of material facts. Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion. The Council defines fraud as a dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the constituents, or the wider community.

2.2 Corruption is the unlawful offering, promising, or giving someone an inducement to act improperly. The Bribery Act 2010 makes it a criminal offence to give, promise, or offer a bribe, and to request, agree to receive, or accept a bribe. The Act also introduced a ‘corporate offence’ of failure to prevent bribery by people working on behalf of the Council.

# Operating Culture

3.1 Falkirk Council has a duty to protect public funds under Section 95 of the Local Government (Scotland) Act 1973. The Council will not tolerate fraud and corruption, and will deal timeously and robustly with any instances of fraud or corrupt practice. The Corporate Fraud Team will assess referrals within five working days of receipt, with investigations prioritised in accordance with the assessment outcome. In some cases a decision may be taken that the Corporate Fraud Team does not proceed with an investigation, but that a Human Resources / Service led disciplinary investigation is required.

3.2 As part of a corporate fraud investigation, however, if there is evidence or findings that suggest employee misconduct, the Council’s Disciplinary Policy will be invoked and those elements passed to Human Resources to investigate. There may also be situations, depending on the nature of the findings, which result in the Capability Policy being invoked. The approach taken will be discussed with the relevant Head of Service and Human Resources, with a joint investigation a possibility. In such circumstances, those employee misconduct elements of the fraud investigation will pause, in order for any further investigatory work to be undertaken through the appropriate Council HR Policy. Corporate Fraud Team, will, however, continue with other aspects of the corporate fraud investigation.

3.3 Elected Members and Officers must act honestly and with integrity at all times, and must lead by example in ensuring opposition to fraud and corruption. Compliance with the Councillors’ Code of Conduct and with the Code of Conduct for Members and Officers is expected.

3.4 Financial Regulations are clear that Chief Officers must identify and manage the risk of fraud and corruption, and ensure that appropriate risk management, internal control, and governance arrangements are in place. This includes the communication and implementation of this Strategy, and other relevant policies and procedures, in their area of responsibility.

3.5 Council employees must be alert to potential and / or actual malpractice or irregularities, and must be encouraged to report these appropriately (through their line manager, Human Resources, Chief Finance Officer, Internal Audit Manager, Corporate Fraud Team, or in line with the Council's Whistleblowing Policy, via the Whistleblowing Line where all calls are treated confidentially).

3.6 The Council is committed to ensuring that whistleblowers have confidence that their concerns are being taken seriously and that the whistleblower is protected. The Council’s Whistleblowing Policy makes special provision for the right to raise concerns by staff within the terms of the Public Interest Disclosure Act 1998, without fear of being punished or victimised for doing so (as long as they are acting in good faith).

3.7 That said, while the Council is committed to reacting to alleged or actual fraud or corruption, the raising of vexatious or malicious allegations is considered a serious matter that will be dealt with appropriately.

3.8 This Strategy is supported by a Procedure for the Investigation of Corporate Fraud Referrals, which includes guidance on liaison with Police Scotland, and on developing the most appropriate investigative strategy on receipt of an allegation via the various routes into the Corporate Fraud Team.

3.9 The Corporate Fraud Team take initial ownership of the referral maintaining their independence, however, fact finding may need to be flexible, collegiate and collective, involving the relevant Head of Service and possibly others, such as the Monitoring Officer, Human Resources, Information Technology, or other technical experts depending on the nature and materiality of the referral.

1. Roles and Responsibilities

4.1Internal Audit: Internal Audit operates in accordance with the Public Sector Internal Audit Standards. The Council's Auditors have the right to enter freely and at all reasonable times any Council operated premises or land; access all records (electronic or manual), documents, and correspondence relating to any financial or other transactions of the Council; they will be able to request and receive such explanations as they consider necessary concerning any matter under examination; and requires any Officer to produce cash, stores, or any other Council property under their control or to which they have access.

Internal Audit undertakes an annual programme of work, which is reported to the Audit Committee. The Internal Audit, Risk, and Corporate Fraud Manager provides an independent opinion on the adequacy and effectiveness of the systems of internal control on the work undertaken during the year. Whilst it is not a primary function of Internal Audit to detect fraud, the internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

4.2Corporate Fraud Team:The team provide the Council’s counter fraud services. They utilise all lawful methods to detect and investigate fraud and corruption whilst protecting the public purse. This includes use of data-matching and intelligence led investigations by suitably qualified trained Corporate Fraud officers. They, as designated by the Internal Audit, Risk, and Corporate Fraud Manager, are authorised to have the right to enter freely and at all reasonable times any Council operated premises or land; access all records (electronic or manual), documents, and correspondence relating to any financial or other transactions of the Council; and they will be able to request and receive such explanations as they consider necessary concerning any matter under examination; and requires any Officer to produce cash, stores, or any other Council property under their control or to which they have access. Where the team needs to investigate any alleged fraud (or misuse of Council assets or resources) by an employee, this will be done in compliance with data protection legislation (and in consultation with the Data Protection Officer if required).

The Corporate Fraud Team, in conjunction with Internal Audit, will be responsible for assessing the authority’s counter fraud arrangements and performance.

4.3Human Resources: The team may be consulted in relation to any interface between the corporate fraud investigation and the disciplinary process, and on any potential workforce impact of an allegation. Human Resources provide advice on the Disciplinary Policy process, and will be part of joint investigations. They are also available to provide advice to managers at all stages, and where appropriate, make information available to employees.

4.4External Audit: The role of external audit is to form an objective view of the discharge by the audited body of its stewardship responsibilities. They carry out specific reviews to test the adequacy of the Council’s financial systems. They also examine arrangements for preventing and detecting fraud, corruption, and bribery.

1. Prevention and Detection

5.1 As above, all elected Members must comply with the Councillors’ Code of Conduct and Officers and elected Members must comply with the Code of Conduct for Members and Officers. Contract Standing Orders and Financial Regulations, as well as the wider Scheme of Delegation, provide a transparent framework of financial control. These, and supplementary guidance, are mandatory.

5.2 Related to that, the risk of fraud and corruption must be included, where appropriate, within corporate, Service, Division, or project risk registers to ensure that these risks are acknowledged, and that they are properly managed and monitored. The Council will strive to prevent and detect fraud in all areas. The Council will apply the use of information and technology, enhance fraud controls and processes, and develop an anti-fraud culture.

5.3 The Council is aware of the need to maintain a balance between internal control and process efficiency. Managers are responsible for reviewing and developing financial and other systems to minimise the risk of fraud while not unduly compromising service delivery. The adequacy of the Council’s financial and other controls and systems is independently reviewed and monitored by both Internal and External Audit. Managers must ensure the timely implementation of all agreed Internal and External Audit recommendations.

5.4 The Chief Finance Officer acts as the Council’s Money Laundering Reporting Officer. This allows the submission of Suspicious Activity Reports to the National Crime Agency if potentially suspicious transactions are identified. In addition, the Council participates in the bi-ennial National Fraud Initiative data matching exercise.

5.5 The Council’s framework of internal control has been designed to provide reasonable (not absolute) protection from the risk of fraud and corruption. Despite this, however, the alertness of Council employees and members of the public to fraud indicators is vital, as attempted fraud or malpractice will inevitably be designed to bypass established controls.

1. Conclusion

6.1 Falkirk Council is determined to ensure that the risk and impact of fraud and corruption is minimised. This Strategy confirms and re-iterates that aim.

6.2 The Council’s policies, procedures, and guidance provide a framework for managing the risk of fraud and corruption. Underpinning that, however, is the need to ensure that all managers and staff remain aware of emerging threats, with preventative and detective activities and techniques continuously adapted to meet the ever evolving fraud and corruption risk.

1. Reporting Fraud and Corruption

Fraud referrals can be referred to the Council by using:

* On-line referral form - http://inside.falkirk.gov.uk/employee/fraud/report-fraud.aspx
* By email to corporate.fraud@falkirk.gov.uk
* By post to Corporate Fraud Team, The Foundry, 4 Central Boulevard, Central Park, Larbert, FK5 4RU
* Via the Whistleblowing Line 01324 504500
* Direct to the Corporate Fraud Team on 01324 504500