

# The London Borough of Ealing Counter Fraud and Corruption Policy

## Foreword

It is a fact of life that our borough probably employs just as many honest people, and just as many dishonest ones, as any other Local Authority in the United Kingdom.

Counter fraud and anti-corruption work is a vital part of our corporate governance framework – it helps to ensure that we are managing our resources effectively. But it is only part of the way we prevent waste and loss.

Every person who is associated with Ealing Council, Councillors, employees and contractors, has a duty to be vigilant and to help prevent fraud and corruption. This means you!

It is therefore imperative that you read and understand the policy and protocols in accordance with the Code of Conduct. Corporate Board will allow you one hour on 1 April each year to remind yourself of the content, and enable you to complete an annual declaration of interests and hospitality (Appendix A) to be returned to your Line Manager. A copy of this declaration will be kept on your central personnel file.

The Corporate Board fully endorse the Counter Fraud and Corruption Policy and will ensure that action is taken against any attempt to defraud the Council.

**Councillor Beecroft and Corporate Board**  
March 2006

London Borough of Ealing  
***Audit and Investigations***  
*referrals@ealing.gov.uk*



## **1. Purpose and Scope**

This policy sets out the Council's strategy for combating fraud and corruption and serves as a reminder to all staff and councillors of the broader responsibilities to prevent and detect fraud.

This policy applies to all Council employees, workers and members. It also applies to tenderers, contractors, consultants and agents acting on behalf of Ealing Council ("External Agencies").

## **2. Definitions of Fraud and Corruption**

Fraud is defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another (such as obtaining property or services from the council).

Corruption is defined as the offering, giving or accepting of an inducement or reward which would influence the actions taken by the council through its members, employees, workers or External Agencies.

## **3. Standards**

Ealing Council is committed to sound corporate governance and supports the principles of openness, honesty, selflessness, integrity, objectivity, accountability and leadership. You must make sure that the principles of this policy are upheld.

## **4. Responsibilities**

These are your responsibilities:

You must act in accordance with the principles referred to above;

You must not accept gifts, hospitality or benefits which might be seen to compromise your integrity or judgement and to report all gifts in accordance with staff rules;

You must comply with the requirements set out in the Council's Constitution, in particular the Contract and Financial Procedure rules and, for Employee's and Members, their respective Codes of Conduct;

You must comply with internal controls and systems in place to safeguard public funds;

If you discover or suspect fraud and/or corruption you must report it immediately to the Audit and Investigation unit. Contact the Intelligence Team on 020 8825 7594. There is a 24 hour fraud referral hotline: 0800 328 6453.

You must provide Audit and Investigation with any/all assistance requested. Alternatively you may notify the Head of Legal Services.

Note: You must take no further action once you have reported your concerns, do not share your concerns or suspicions with other parties; and

Always make a written record of the fraudulent activity or allegation you have reported as soon as you can.

## **5. Specific Management Responsibilities**

For the purposes of this policy managers are defined as any person who is responsible for managing staff or contracts with Ealing Council. As a manager you must:

Ensure that staff for whom you are responsible are aware of the risk of fraud and corruption;

Take steps to prevent fraud and corruption through the use of appropriate internal controls and monitoring;

Follow guidance or carry out internal checks as directed;

Ensure that suspected fraud or corruption is reported to the Audit and Investigation unit promptly;

Assist the Audit and Investigation unit with any investigations they are involved in;

Develop and maintain effective liaison between External Agencies and Ealing Council;

Encourage staff to report suspected or discovered fraud and abuse directly to Audit and Investigation.

## **6. Investigation**

Ealing Council's Audit and Investigation unit is trained to carry out reactive counter fraud assignments in response to management requests or following referrals of fraud or corruption allegations. The unit receives referral information from a number of sources such as the whistle blowing and fraud referral hotlines, on-line referral forms, direct from Council employee's or from members of the public.

Ealing Council will not tolerate fraud. If we establish evidence of fraud or corruption, the Council will, in all cases, pursue all appropriate available sanctions through the criminal and civil courts, disciplinary proceedings, referral to the Standards Board or notification to a relevant professional body, such as the National Inspection Council for Electrical Installation Contracting (NICEIC).

	Criminal proceedings	Civil Action	Standards Board for England	Disciplinary Proceedings	Notify relevant professional body
Members	✓	✓	✓		
Employees	✓	✓		✓	✓
External Agencies	✓	✓			✓

## 7. Deterrence, prosecution and restitution

It is the duty of the Head of Audit & Investigation to report any fraudulent activity or corruption to the police for potential prosecution, not only as a deterrent but also to assist with recovery of losses and to conform with insurance requirements. In certain circumstances she may direct the Council to prosecute criminal offences or commence civil action to recover loss incurred instead or as well. In the event of conviction for a criminal offence Council will notify the media unless it is not in the public interest to do so.

Fraud or corruption against the Council by its employees is gross misconduct and we will not tolerate it. We will take disciplinary action and where gross misconduct is found this will, in most circumstances, result in dismissal from the Council's service. Ealing Council will take disciplinary action even where there is no criminal investigation or police involvement.

The Council participates in appropriate data matching activity, such as the National Fraud Initiative, and assists, where it is appropriate to do so, in investigations carried out by other authorised agencies. The Audit and Investigation unit also conduct pro-active exercises through internal and external data matching with the aim of identifying and combating fraudulent activity and corruption.

In the exercise of its public functions the Council comes into contact with a number of other agencies who have a special interest in counter fraud activity, such as other local authorities, the police, the Department for Work and Pensions and other government departments. The Council will maintain contact with these agencies and may share data but only where it is lawful and necessary, in compliance with the Data Protection Act 1998 and with due regard to the confidentiality of information.

Discoveries of fraud or corruption by Council employee's against another public body will be investigated by the Council and consideration given as to whether or not this policy has been breached. Disciplinary action may be taken in the event this policy is breached.

## 8. Joint working

The Council is committed to working with other agencies in order to combat fraud and corruption. The Council may, in some circumstances, carry out investigations or prosecute on behalf of other agencies.

## 9. Gifts & Hospitality

You are already paid for the work you do, but people may believe they will get better service or more favourable treatment if they provide additional payments or offer you favours: this is not the basis on which the Council delivers or purchases services (or goods). **You must:**

- Avoid putting yourself in a position where you could be thought to be acting improperly;
- Report to your manager any hospitality, favours or gifts you are offered or receive;
- Return any gifts your manager says you may not keep;
- Not ask for a gift, tip, or Christmas box;
- Not accept gifts or favours from organisations or suppliers that the council has dealings with (for example goods or services free or below the normal price);
- Not accept unreasonable or undue hospitality. For example, don't allow an organisation or supplier that has dealings with the council to pay for you to:
  - Go to sporting events, the theatre, or any other entertainment;
  - Go away on holiday;
  - Make visits to inspect equipment or services where there may be a subsequent purchase by the council;
  - Travel to a meeting, or go out for an evening, or stay in an hotel or other accommodation;

Remember, the council can reimburse any legitimate expenses incurred at work.

### **This does not prevent you:**

- Accepting reasonable hospitality while you are working (such as a cup of tea or coffee, or other light refreshment) when visiting sites, offices or people's homes;
- Accepting an invitation which it is proper for you to take up as you will be representing the council, such as at relevant courses and conferences (BUT you must check with your manager first);
- Accepting a gift which
  - is of token value (such as a calendar or inexpensive pen), and
  - Is offered to you without your asking, and
  - your manager says cannot be seen to influence the way you do your work.

Certain dispensations may be granted to employees according to their particular job roles and if your department has a 'hospitality register' you

should comply with any relevant procedures. Your designated manager will tell you if any apply to you. However in all cases you must:

- Make a record of all invitations to functions and report these to your manager;
- Make a record of all free services and goods you receive and report these to your manager;
- Consult your designated manager if in any doubt.

## **Legacies**

Members of the public or clients sometimes wish to express their applications of the services they have received by leaving money/gifts in their will. Such legacies can give rise to complaints from other potential beneficiaries, and to accusations that an employee has taken advantage of the situation to gain personal benefit. If a client or member of the public suggests to you that (s)he intends to make a bequest to you, you must :

- Explain the difficulty that may cause you and insist that people you meet through your work do not leave you things in their will;
- Report it to your manager.

If you are offered a bequest from a member of the public, forward details of the amount involved, the reason for the legacy and the service provided, to your designated manager before you accept it.

## **10. Accessing Council Services**

If an application form is required for goods, services or employment it must conform to the following minimum standards:

- Full details of all applicants must be completed;
- References must be taken up with verified sources.

If information is omitted from a form, the form must be returned and the details requested.

Any declaration on a form must have the following wording:

*"I declare that the information I have provided is true and complete. I understand that if I have given information that is false or misleading I may liable for action to be brought against me."*

If documentary evidence is provided to support an application, (Examination Certificates, Birth Certificates, Criminal Record Checks, Identity Details), the documents must be originals only. Copies must not be accepted.

## **10. Monitoring of this Policy**

The Audit Committee will oversee any further development of the Counter Fraud and Corruption Policy.

## Appendix A1: Declaration of Gifts or Hospitality

<b>Service</b>	
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<b>Employee Name</b>	
<b>Post</b>	
<b>Dept.</b>	

<b>Date of Declaration</b>	
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<b>Detail of Gift/Hospitality</b>	
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I have read and understood the requirements of the Council's Code of Conduct regarding potential conflicts of interest, placed on me as an employee of the Council. I declare that the above information is true and complete and that I will notify the Council through my Line Manager of any changes to this information. I understand that failure to disclose or provide an update to the Council may result in disciplinary action being taken.

Name \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_

Return this form to your Line Manager.

## Appendix A2: Declaration of Conflict of Interest

<b>Service</b>	
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<b>Employee Name</b>	
<b>Post</b>	
<b>Dept.</b>	

<b>Type of Work</b>	
<b>Name of Employer</b>	
<b>Amount Paid per annum</b>	
<b>Hours Worked per week</b>	

Note 1

<b>Conflict of Interest -</b>	<b>Y/N</b>
<b>If Yes, note action taken</b>	

Note 2

<b>Manager's Authorisation</b>	
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I have read and understood the requirements of the Council's Code of Conduct regarding potential conflicts of interest, placed on me as an employee of the Council. I declare that the above information is true and complete and that I will notify the Council through my Line Manager of any changes to this information. I understand that failure to disclose or provide an update to the Council may result in disciplinary action being taken.

Name \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_

### **Note 1:**

- Notify the Chief Executive and your manager if you have links of any sort with an outside organisation which may:
  - work for the Council, or supply goods and services to it (or are tendering or preparing to do so);
  - get (or are applying for) grants or other benefits from the Council, if you are involved in the grant allocation process or where this could create a conflict of interest.

### **Note 2:**

- Ensure appropriate action is taken to resolve any potential conflict of interest, and that a copy is placed on the Employees Personnel file within HR.

Return this form to your Line Manager.



## Appendix B: Corporate Investigation Protocol

Action	Responsibility				
	<u>A&amp;I</u>	<i>Manager</i>	<i>HR</i>	<i>ICT</i>	<i>Legal</i>
1) All corporate intelligence gathering and investigations, including interviews will be co-ordinated by A&I. The Manager, HR and Legal will be informed and advice sought where necessary.	✓				
2) A&I will establish the facts quickly and remove the threat of further fraud or loss of data through the relevant route, including police arrest (where criminal offences are suspected), suspension, changing procedures or suspending payments.	✓				
3) The Manager will act promptly where suspension or disciplinary action is required and consult with A&I and Legal on the wording of any formal letter to an employee regarding suspension and or disciplinary action. The letter will make it clear that action taken under the disciplinary procedure will not preclude the Council from initiating criminal or civil action.		✓			
4) HR and the Manager will be advised of any imminent staff arrest, where possible in advance.	✓				
5) A&I will gather evidence to establish whether a criminal offence has been committed. Where an offence is suspected the Manager or HR must not interview the alleged perpetrator without further guidance from A&I or Legal.	✓				✓
6) Where A&I suspect that an individual has benefited from the proceeds of crime and has assets to confiscate, a "Financial Investigation" will be undertaken and relevant injunctions sought.	✓				
7) Where advised, the Manager must undertake close monitoring and supervision of employees who are allowed to remain on the premises and against whom allegations have been made.		✓			

8) The Manager and/or HR may be required to complete or assist in a search of the employee's work area, filing cabinets etc. Full records must be maintained. PC's or laptops may be removed, but must not be switched on for any reason. Items seized must be placed in marked and sealed evidence bags.	✓	✓	✓		
9) Upon request from A&I, ICT officers may be required to access or divert an employee's emails to the Manager or a nominated officer for the purposes of business continuity or surveillance.				✓	
10) In all cases disciplinary action will be considered in accordance with Council policy. Disciplinary action will not necessarily be delayed pending criminal or civil proceedings.		✓			
11) Where an investigation has been completed by A&I, the Manager will use the A&I case reports in respect of disciplinary action, unless advised otherwise by A&I.		✓			
12) At the conclusion of the disciplinary hearing and prior to determining the sanction to be imposed, HR will advise the panel of the precedent set by similar cases involving A&I.			✓		
13) In cases of successful prosecution, A&I will liaise with the Marketing and Communications department to publicise the successful result where appropriate.					
14) The cost of obtaining forensic or other evidence will be borne by the department which employs the alleged perpetrator of the fraud or corruption.	✓	✓			
15) Where investigations are completed on behalf of third parties, costs plus investigation and administration fees will be payable by the third party. No work will be completed without a letter of engagement drawn up by A&I agreeing to such costs.	✓				
16) Where an instance of fraud has occurred, the Manager must consider what, if any, changes need to be made to internal controls and systems. The advice of the A&I unit must be sought.	✓	✓			