



Carr Green Primary School

Anti-fraud and corruption strategy

The Governing Body of Carr Green Primary School has adopted the Calderdale Council Anti-fraud and Corruption Strategy, alongside its own statement of internal controls as all members of staff are Council employees.

As a school community, we are strongly committed to safeguarding children. Our goal is to work in close partnership with parents/carers and other agencies. Underpinning our whole philosophy is the firm belief that the welfare of the child is paramount.

1. Definition

The definition of Fraud and Corruption is as follows:

Fraud: The intentional distortion of financial statements or other records by persons internal or external to the Council, which is carried out to conceal the misappropriation of assets or otherwise for gain.

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

2. Who does the strategy apply to?

2.1 Corruption "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person"

3. The need for a strategy

3.1 Calderdale Council is a large, complex organisation responsible for looking after millions of pounds of public money. Every year millions of pounds are received by and paid out by the Council through a whole variety of transactions. The Council owns millions of pounds worth of moveable assets, ranging from small items of stationery through to expensive items of plant and equipment.

3.2 The vast majority of the Council's employees are scrupulously honest. The vast majority of those people who receive money from the Council (members of the public, contractors, and so on) are also honest citizens. The Council, however, receives and pays out large amounts of money, which involves an enormous number of supporting transactions. This makes the Council susceptible to the risk of dishonest people defrauding monies to which they are not entitled.

3.3 The Audit Commission has identified the following areas as being particularly vulnerable to fraud:

- Housing Benefit Claims

- Student Grant Claims
- Grants for Renovating Houses

These examples involve fraud by members of the public and contractors. There are also risks that money and assets will be misappropriated by dishonest Council employees - acting either alone or in collusion with others outside the Council. Dishonesty has many forms, ranging from taking money due to the Council, misusing or misappropriating assets, or putting in false claims for money payments.

3.4 In recent years there have been examples in Calderdale of all these kinds of fraud. The need to be alert to the possibility of dishonest behaviour requires the Council to develop a strategy aimed at preventing, detecting and investigating dishonest and fraudulent conduct which could cost the Council money. Every pound that is misappropriated means one pound less to spend on providing services to those people who genuinely need help from the Council.

4. Overall council policy

4.1 Calderdale Council is committed to having an effective Anti-Fraud and Corruption Strategy. The details of the strategy are set out in the following sections of this document entitled:

- Prevention
- Detection
- Investigation

4.2 Council employees should report any concerns they may have regarding fraud and corruption, whether it relates to dishonest behaviour by Council employees or by others. The Council has set up a confidential fraud hotline (telephone 01422 393568) which is operated by the Internal Audit Section of the Finance Services. Internal Audit staff will investigate all reports of suspected fraud and corruption made by employees.

4.3 Employees should be left in no doubt of the consequences, should they deviate from the standards expected and that the Council's Disciplinary Code clearly identifies the following as Gross Misconduct:

- Theft and Unauthorised Borrowing
- Fraud
- Dishonesty

A Chief Officer (or other senior nominated officer where authorised) may dismiss an employee on the grounds of gross misconduct after following the recognised procedure.

4.4 In some instances the Council may decide to refer allegations of fraud and corruption to the Police. The decision to refer cases to the Police will be taken by the Assistant Chief Finance Officer (Internal Audit, LMS and Insurance).

4.5 Calderdale Council will do all it can to recover monies or assets misappropriated by employees or others as a result of dishonest behaviour. (See Section eight on "Recovery of Losses").

4.6 In order to protect the public purse all Calderdale Council employees need to know about: those activities where experience has shown there are significant risks of fraud and corruption;

- What individual employees can do to prevent fraud and corruption;
- What employees should do if they have suspicions that fraud or corruption is going on. All employees will be issued with a copy of the leaflet "What to do if you suspect Fraud or Dishonesty".

5 Prevention

5.1 There are many ways of preventing fraud and corruption happening in the first place. The Council has adopted the following preventative measures:

- The Council's Recruitment and Selection procedures require that references should always be taken up when recruiting posts within the Council. This is intended to prevent people with a history of dishonest behaviour being employed by the Council in positions of trust.
- The Council's Code of Conduct for Council Employees makes it clear that the conduct of its employees should be of the highest possible standard and that dishonest behaviour by employees will not be tolerated by the Council.
- All Council employees will be issued with a copy of the leaflet "What to do if you suspect Fraud or Dishonesty" which advises on what should be done if a fraud is suspected.

5.2 High standards of financial administration are a key element in the prevention and detection of fraudulent activities. This can only be achieved if there is a strict control environment which is adhered to by both Officers and Management.

5.3 The Control Environment as a whole, relies on other mechanisms within the Council such as:-

- Contract Procedure Rules
- Financial Procedure Rules
- Section 151 Standards
- Code of Conduct for Employees
- Code of Conduct for Members

5.4 Council Rules govern the way in which the Council operates whilst the Section 151 Standards identify the financial controls that should be in place within all systems and all Services of the Council.

5.5 The Section 151 Standards must be complied with by Managers, as it is the basis upon which Internal Audit will review, evaluate and test those financial systems throughout all Services of the Council.

5.6 It is the responsibility of each Chief Officer to ensure that their Service complies with all these rules and that sound financial controls do exist within their financial systems and procedures.

5.7 The Internal Audit Section will carry out cyclical tests to ensure that all issues relating to the Control Environment are in place and are being operated correctly.

5.8 The Council's overall arrangements for the prevention of fraud and corruption are reviewed annually by the External Auditor, who reports to the Council by way of a Management Letter.

6 Detection

6.1 Despite the best efforts of management and the Internal Audit Section and the existence of internal controls within all the systems of the Council, the determined perpetrator will invariably identify an area of weakness and attempt to exploit it.

6.2 In order that Managers can be clear on what fraud and corruption is, and how to identify it, the Council has produced a document called "Fraud and Corruption - Advice and Guidance to Managers". This gives clear advice and guidance on the highest risk areas, examples of what to look for, and guidance on what action to take having discovered a potential problem.

6.3 The Council has also produced a leaflet called "What to do if you suspect Fraud or Dishonesty" which is to be issued to all employees. This leaflet gives guidance to employees on what they should do if they have any suspicion of Fraud or Dishonesty.

6.4 In an attempt to eliminate fraud and corruption, the Council will continue to seek cost effective ways of identifying fraud and corruption and will act on all information and allegations received. This could include any of the following:

- Tip offs from members of the public
- Information received from companies and other agencies.
- Referrals from Service Management.
- Information derived as a result of Internal Audit work.
- Concerns expressed by employees via the Fraud Hotline (See 6.5 below).
- Data Matching (see 6.6 below)

6.5 Fraud Hotline

The Fraud Hotline is a confidential telephone answering service based within the Internal Audit Section. This allows Council staff to raise any concerns they may have, anonymously should they so wish.

6.6 Data-Matching

There has been a growth in recent years in the use of Information Technology to detect fraud. This invariably involves the comparison of information across different databases. This can be done internally within the Council or between any number of other Councils. Calderdale has already taken part in data matching initiatives and where it is felt to be beneficial will do so in the future.

7 Investigation

7.1 Each and every fraud investigation has different characteristics, and as such makes the imposition of a fixed system of investigation difficult/ impossible. In general terms, however, investigations can be categorised as involving:

- Claimants (for example, Housing Benefits, Student Awards, Renovation Grants)
- Employees or Members of the Council.
- Third Parties (for example, external suppliers or contractors).

7.2 Claimant Based Investigations

In view of the potential for high levels of Housing Benefit Fraud and Council Tax Benefit Fraud, the Council employs a number of Housing Benefit Investigations Officers. They have the benefit of specialist knowledge of the Housing Benefit rules and regulations, and are specifically employed to prevent, detect and investigate potential Housing Benefit Fraud cases. This covers both reactive work and proactive exercises.

All suspicions of Housing Benefit Fraud and Council Tax Benefit Fraud should be referred direct to the Housing Benefit Investigation Officers, who will undertake the investigation and take the appropriate action once the facts of the situation have been established.

7.3 All Other Investigations

All other cases involving claimants, employees, Elected Members of the Council and third parties should be referred to the Internal Audit Section, who have a designated Specialist Auditor (Management Auditor - Investigations).

These investigations can range from those that are relatively simple to those which are extremely complex. The procedures to be followed in these cases are as follows:

- All cases of potential fraud should be immediately notified to the Internal Audit Section, who will record the referral
- The Internal Audit Section and Service Management will discuss and agree the way in which the case will be progressed.
- The Assistant Chief Finance Officer (Internal Audit, LMS and Insurance) will decide whether or not the Internal Audit Section will be directly involved in the investigation or whether the Service Management should investigate the case.
- Where cases are to be investigated by Service Management, the Internal Audit Section will continue to monitor progress and record the ultimate outcome of the case and will always be available for the giving of professional advice and guidance throughout the investigation.
- All investigations will be carried out in complete confidentiality, with professional standards being strictly observed in the gathering and recording of evidence and the putting together of a case file, in order to comply with the provisions of the Police and Criminal Evidence Act of 1984.
- In cases of potential major fraud, the Assistant Chief Finance Officer (Internal Audit, LMS and Insurance) and Chief Officer of the Service concerned will, where deemed appropriate, report the matter to the Chief Executive and the Council.
- If a case involves action against a third party, any action to be taken will be agreed between the Chief Officer, the Internal Audit Section, and where necessary the Law and Administration Service.

- In all cases where employees are suspected of fraud, corruption, theft or unauthorised borrowing, and there is sufficient evidence to support a criminal prosecution, serious consideration will be given to referring the case to the Police for further investigation.
- In such cases the decision to refer to the Police is ultimately the responsibility of the Assistant Chief Finance Officer (Internal Audit, LMS and Insurance) who will make that decision after consultation with the Chief Officer concerned
- All cases involving the loss of third party monies (for example, home care client) will be referred to the Police at the earliest opportunity under existing arrangements with West Yorkshire Police.
- All liaisons with the Police will be undertaken by the Management Auditor (investigations) on the basis that he has direct contact with a named Police Liaison Officer from whom early advice and guidance on case progression can be sought where necessary.
- Any identified case of fraud or corruption, including Benefit fraud, which involves an employee of the council will, in addition to the actions outlined above, also be the subject of the Council's disciplinary Procedures which could render an employee liable to dismissal.
- Any identified case of Fraud or Corruption including Benefit fraud which involves a Member of the Council will be referred to the Monitoring Officer via the Internal Audit Section.
- The Council will ensure that all employees and Members who are subject to an investigation into suspected Benefit fraud will be treated fairly and courteously at all times.
- In instances where disciplinary action is deemed to be appropriate, the final decision will ultimately be made by the Service Chief Officer, who will then have to comply with the rules and regulations on Disciplinary Procedures. In these instances, the appropriateness of the employee being suspended should be considered at an early stage.

8 Recovery of losses

8.1 The Council's policy is that it will always seek to recover the losses incurred as a result of fraud and corruption.

8.2 As soon as the full extent of the loss has been established notification should be sent to the Council's Insurance Officer giving details of the case indicating that recovery is to be attempted in the first instance.

8.3 A Sundry Debtor Account should then be raised to ensure that:

- The recovery attempt is not overlooked.
- All sums withheld or subsequently received by way of recovery/restitution are appropriately credited.
- Any balance of loss outstanding is dealt with through existing procedures (ie insurance claim or write off as appropriate).

8.4 Recovery of losses from employees can be pursued in a number of ways as follows:

- From payments due to the employee (for example, car allowance, travel and other expenses claims) - (where the employee gives permission).
- From salary/wages still due to be paid (with employees permission).
- From the employees superannuation entitlement. (Where the Council has suffered direct financial loss by reason of the offence).

- By way of written agreement with the employee to repay in one lump sum, or by an acceptable offer to pay by installments.

8.5 It should be made clear that any monies offered will be accepted "without prejudice to any other action the Council may wish to take", and that acceptance is only in respect of losses identified to date and that the Council reserves the right to seek recovery of any further losses that may come to light in the future.

8.6 Claims under the Council's insurance arrangements in fraud and corruption cases should be regarded as a "last resort", and will only be instigated once all other avenues of recovery have been fully explored.

This policy is reviewed annually and was updated by HT and SBM 18th January 2018.

Signed: _____ Head teacher

Date: _____

Due to be reviewed: January 2019 (earlier if necessary)