



*Dunbartonshire and Argyll & Bute
Valuation Joint Board*

**STRATEGY FOR THE PREVENTION AND DETECTION OF
FRAUD & CORRUPTION**

DUNBARTONSHIRE AND ARGYLL & BUTE VALUATION JOINT BOARD

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1. INTRODUCTION

1.1.1 Dunbartonshire and Argyll & Bute Valuation Joint Board aims to provide Best Value Services. The Board must therefore protect itself and the public from losses due to Fraud & Corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption which will provide a framework for:

- Encouraging fraud deterrence and prevention;
- Raising awareness of fraud and corruption and promoting their detection;
- Performing investigations and facilitating recovery;
- Invoking disciplinary proceedings and referral to the Police; and
- Monitoring, publicising and updating the policy and its related procedures and performance.

1.2 The Board must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (members and employees) and outside the authority. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

1.3 The Board is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the Accounts Commission, Audit Scotland, inspection bodies, the Public Sector Ombudsman and HMRC. These bodies are important in highlighting any areas where improvements can be made.

2. DEFINITIONS

2.1 Fraud

The Board regards Fraud as:-

"The intentional distortion of financial statements or records by persons internal or external to the Valuation Joint Board which is carried out to conceal the misappropriation of assets or otherwise for gain. Fraud is a deliberate act

by an individual or group of individuals and is, therefore, always intentional and dishonest”.

2.2 Corruption

The Board regards Corruption as:-

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

In addition, this strategy covers

"the failure to disclose an interest in order to gain financial or other pecuniary gain ".

3. KEY ELEMENTS OF THE STRATEGY

3.1 Culture

3.1.1 The Board aims to ensure that the culture of the organisation meets the expectations of the Committee on Standards in Public Life (the Nolan Committee), and is committed to the seven Nolan principles of objectivity, openness, leadership, accountability, honesty, selflessness and integrity. The Board's culture therefore supports the opposition to fraud and corruption.

3.1.2 The prevention/detection of fraud/corruption and the protection of the public purse are everyone's responsibility. The Board encourages employees and members of the public to raise any concerns they may have using either its Policy on Confidential Reporting or its Complaints Procedure, both of which can be viewed on the Board's intranet.

3.1.3 The Board's elected members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence.

3.1.4 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- a criminal offence
- a failure to comply with a statutory or legal obligation
- improper / unauthorised use of public or other funds
- a miscarriage of justice
- maladministration, misconduct or malpractice

- endangering of an individual's health and safety
- damage to the environment
- deliberate concealment of any of the above.

3.1.5 The Board will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner subject to its Confidential Reporting Policy or West Dunbartonshire Council's (hereafter referred to as the "Council") Business Irregularities Procedures (in which it should be noted that the Assessor performs the combined role of Chief Executive and Head of Department/Departmental Director).

3.1.6 The Board will deal firmly with those who defraud the authority, or who are corrupt, and instances of financial malpractice. There is, of course, a need to ensure that any investigation process is not misused. Any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.

3.2 Bribery Act 2010

3.2.1 The Bribery Act 2010 created a new offence which can be committed by commercial organisations which fail to prevent persons associated with them from bribing another person on their behalf. At stake is the principle of free and fair competition, which is diminished by each bribe offered or accepted. It is expected that these principles should also be applied to public sector organisations. Bribery – the offer or acceptance of a reward to persuade someone to act dishonestly and / or breach the law – is unacceptable at any level.

3.2.2 This Act provides for 4 bribery offences:

- Bribing - the offering, promising or giving of an advantage
- Being bribed - requesting, agreeing to receive or accepting an advantage
- Bribing a foreign official
- The "corporate offence" where a commercial organisation fails to prevent persons performing services on its behalf from committing bribery

3.2.3 It should be emphasised that fraud and corruption include any activities which constitute acts of bribery as described in the Bribery Act 2010

3.2.4 The Board has practical procedures in place including decision making processes, financial controls and a Code of Conduct for Employees, to prevent persons performing services on its behalf from committing bribery. Allegations of corruption are dealt with under the Council's Business Irregularities process, including an investigation which may result in a

disciplinary sanction. Employees are required to adhere to our Code of Conduct and ensure that they do not breach legislation.

3.2.5 The Code of Conduct for Employees can be accessed from the Board's intranet site

3.3 Improvement to Systems and Procedures

When fraud or corruption have occurred because of a breakdown in the Board's systems or procedures, authorised senior management will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

3.4 Prevention

3.4.1 The Role of Elected Members

As elected representatives of the constituent Councils, all members of the Board have a duty to citizens to protect it (the Board) from all forms of abuse. This is facilitated through the anti-fraud and corruption strategy, through compliance with the national code of conduct for members, the Board's Financial Regulations and Standing Orders and the relevant legislation.

3.4.2 The Role of Employees

- *Responsibilities of Managers*

Managers at all levels are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that their employees are aware of the Board's Financial Regulations and Standing Orders, and that the requirements of each are being met in their everyday business activities. In addition, managers must make their employees aware of the requirements of the Board's Code of Conduct for Employees through the induction process.

Managers are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the information in the Board's Confidential Reporting Policy.

The Board recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary, or casual posts.

The Board adopts the formal recruitment procedure utilised by West Dunbartonshire Council, which contains appropriate safeguards on matters such as written references and verifying qualifications held. As with other public bodies, Disclosure checks are undertaken on employees, as appropriate.

- *Responsibilities of Employees*

Each employee is governed in their work by the Board's Standing Orders, Financial Regulations and the Code of Conduct for Employees, along with other Joint Board policies relating to health and safety, IT strategy, IT security etc. The Joint Board's Code of Conduct for Employees includes guidelines and procedures for dealing with gifts and hospitality, professional and personal conduct and conflicts of interest.

In particular, employees should be aware that the Valuation Joint Board maintains a Register of Interests which is used to record any instances where conflicts of interest, or potential conflicts of interest, should also be registered. Please see the Code of Conduct for Employees for more details.

In addition, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Board. These will be included in induction training and procedure manuals.

Any concerns an employee may have about a suspected irregularity should be raised through the Board's Confidential Reporting procedure.

3.5 Conflicts of Interest

3.5.1 Both elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations may arise when dealing with externalisation of services, tendering and contracting, valuation issues, etc. Effective role separation will ensure decisions made are visibly based upon impartial advice, and will preclude questions about improper disclosure of confidential information. Further guidance on dealing with conflicts of interest, or potential conflicts of interest, are contained within the Board's Code of Conduct for Employees.

3.5.2 Employees must declare any possible conflicts of interest they may have, whether in contracts entered into by the Board or otherwise. Such interests will be dealt with in accordance with the Code of Conduct for Employees.

3.6 Role of Internal Audit

Internal Audit is an independent function within West Dunbartonshire Council. It plays a vital preventative role in trying to ensure that the Board has systems and procedures in place to prevent and detect fraud and corruption. Internal Audit investigate all cases of suspected irregularity in accordance with the Council's Business Irregularities Procedure, except benefit fraud investigations (see below). They will liaise with management to recommend any changes in procedures which might be required to prevent further losses to the Board.

3.7 The Role of the Council's Benefits Investigation Team (Corporate Fraud Team wef 1st April 2015)

West Dunbartonshire Council's benefits investigation team is responsible for all benefit fraud investigations. In cases where Board employees are involved, they will work with Internal Audit, HR & OD and appropriate senior management to ensure that correct procedures are followed and that this strategy is adhered to.

3.8 The Role of External Audit

Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Board's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Board's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

3.9 Co-operation with Others

Internal Audit has arranged, and will keep under review, procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities (the definition of which includes Valuation Joint Boards) with external agencies such as:

- Police
- other Local Authorities
- Audit Scotland
- Department for Work and Pensions (DWP); and
- Other Government departments

The Board, in co-operation with West Dunbartonshire Council, participates in the National Fraud Initiative, a country wide exercise involving the matching of data within key datasets across local authorities and other public bodies.

4 DETERRENCE

4.1 Prosecution

The Board will adopt the Council's Benefits Prosecution Policy. This encompasses the public, elected members and employees. It is designed to clarify the Board's actions in specific cases and to deter others from committing offences against the Board. However, it also recognises that it may not always be in the public interest to refer cases for criminal proceedings.

4.2 Disciplinary Action

- ***Employees***

Theft, fraud and corruption are serious offences against the Board and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the Assessor and Electoral Registration Officer.

- ***Members***

Elected Members will face appropriate action under this strategy if they are found to have been involved in theft, fraud or corruption against the Board. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. This may include a complaint to the Standards Commission for Scotland in the event that there has been a breach of the provisions of the Board's Code of Conduct. West Dunbartonshire Council's Business Irregularities Procedures govern the manner in which investigations shall be undertaken.

5 DETECTION AND INVESTIGATION

5.1 Detection

Internal Audit plays an important role in the detection of fraud and corruption. Included in their Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. In addition to Internal Audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection.

In some cases, frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of Human Rights legislation.

5.2 Reporting

5.2.1 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern was raised or by the originator, as per the Board's Confidential Reporting Policy. This is essential to the strategy, and:

- ensures the consistent treatment of information regarding fraud and corruption
- facilitates a proper and thorough investigation by an experienced audit team

5.2.2 All allegations and investigations undertaken will be reported to the Joint Board, along with the relevant outcomes and actions taken.

5.3 Investigation

The Council's Business Irregularities Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees or elected members.

This process will apply to all the following areas:

- a) Fraud/corruption by elected members
- b) Fraud/corruption by employees
- c) Fraud/corruption by contractors' employees
- d) External fraud/corruption (the public)

Depending on the nature of an allegation under a) to d) above, the Council's Audit and Risk Manager will normally work closely with the Assessor & ERO to ensure that all allegations are thoroughly investigated and reported at an appropriate level

5.4 Prosecution

5.4.1 Any decision to refer a matter to the police will be taken by the Assessor & Electoral Registration Officer, in liaison with the Council's Audit and Risk Manager. The Board will normally wish the Police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.

5.4.2 No approach is to be made to the Police by any officer regarding business irregularities, except by the Assessor & ERO, Depute Assessor & ERO or other office acting on their authority. Only where there has been a break-in or where a crime has been committed against an individual, e.g. personal injury, should other officers contact the Police directly.

6 CONCLUSION

- 6.1 This strategy fully supports the Board's desire to provide quality services representing Value for Money, which are free from fraud and corruption.
- 6.2 The Board 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 techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.
- 6.3 The Board will maintain a continuous review of all these systems and procedures through West Dunbartonshire Council's Internal Audit Section.
- 6.4 This strategy will be regularly reviewed.