



Sheffield City Council

Finance and Commercial  
Services

# Anti- Fraud and Corruption Policy Statement and Framework



Revised  
May 2018

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## Anti-Fraud and Corruption Policy Statement

1. This Statement sets out Sheffield City Council's (the Council's) policy in relation to fraud and corruption. It has the full support of both the Council's senior management in the form of the Executive Management Team (EMT) and elected Members through Audit and Standards Committee.
2. The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets. To achieve the objectives set out within the Corporate Plan, the Council needs to maximise the financial resources available to it. In order to do this, the Council has an ongoing commitment to continue to improve its resilience to fraud, corruption and other forms of financial irregularity.
3. The Council advocates **strict adherence** to its anti-fraud framework and associated policies. A **zero tolerance** approach to all proven to fraud and corruption in all of its forms is taken. The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners, service users or members of the general public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal, civil action for recovery and/or referral to the Police and/or other agencies. The required ethical standards are included in our Members' Code of Conduct and Officers' Code of Conduct, with both documents forming part of the overall Constitution of the City Council.
4. Sheffield City Council fully recognises its responsibility for spending public money and holding public assets. The prevention, and if necessary the investigation, of fraud and corruption is therefore seen as an important aspect of its duties which it is committed to undertake. The procedures and also the culture of the City Council are recognised as important in ensuring a high standard of public life.
5. The Council's general belief and expectation is that those associated with it (employees, members, school governors, service users, contractors and voluntary bodies) will act with honesty and integrity. In particular members and employees are expected to lead by example and will be accountable for their actions.
6. The City Council will take steps to help ensure high standards of ethical behaviour are adopted in partnerships of which the City Council is a member.

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This will be done through applying appropriate elements of this framework to all partnership working, where it is relevant to do so. With regard to partnership working, responsibility for Codes of Conduct and policies of this nature (and so for enforcement action for breach of those codes or policies) generally lies with the relevant individual organisation in the partnership. Where appropriate, the City Council will draw the attention of the partner organisation to its concerns.

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## **Anti-Fraud Framework**

### **Introduction**

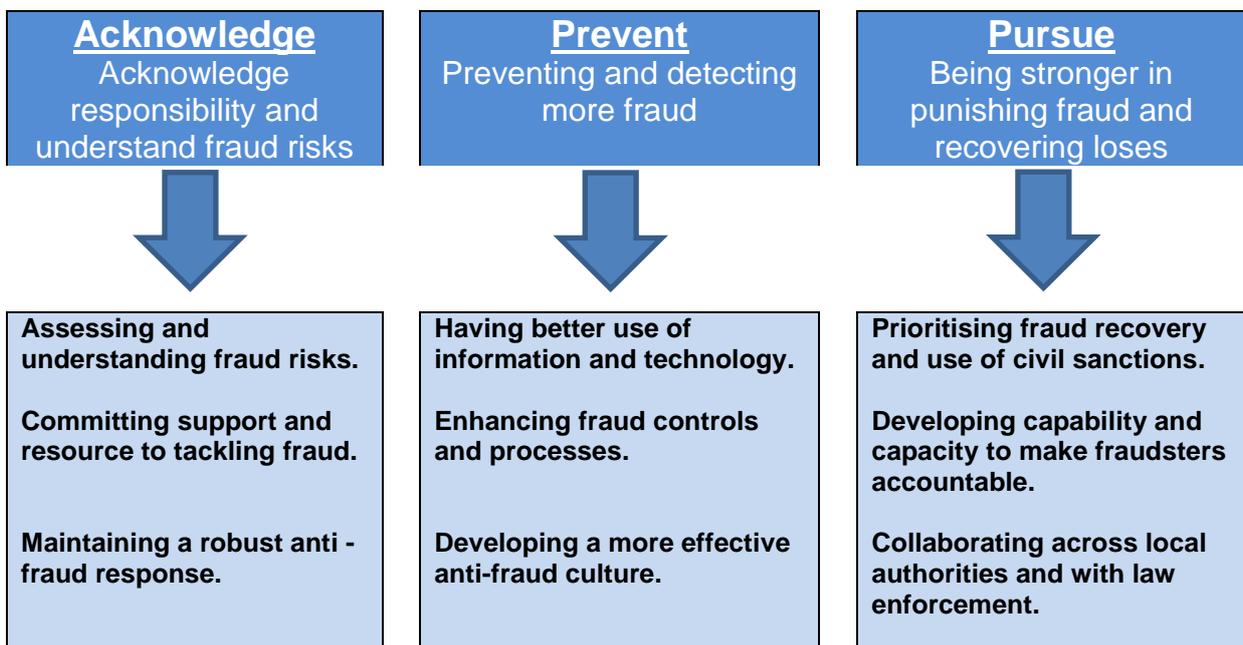
1. This framework is designed to give an overview of the arrangements and policies regarding the anti-fraud work of the Council. It is supported by a number of additional documents which together allow the organisation to develop a broad and coherent approach to the prevention, detection and investigation of potential fraud and irregularities across the Council.
2. Sheffield City Council (the Council) advocates **strict adherence** to its anti-fraud framework and associated policies and adopts a **zero tolerance** approach to all forms of fraud, corruption and theft, arising both from within the Council and externally. The Council recognises that fraud and other forms of financial irregularity can:
  - Undermine the standards of public service that the Council seeks to achieve;
  - Reduce the level of resources and services available for the residents of Sheffield; and
  - Result in major consequences which reduce public confidence in the Council.
3. This framework defines both the proactive and reactive components of a good practice response to fraud risk management. It sets out the key responsibilities within the Council with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management. The framework provides overarching governance to the Council's suite of counter fraud policies and procedures which include: -
  - The Council's Constitution
  - Members' Code of Conduct
  - Officers' Code of Conduct
  - Guide to Managing Fraud Risks
  - Fraud Response Plan
  - Financial Regulations
  - Financial Protocol
  - Financial Framework of Accountability
  - Contract Standing Orders
  - Financial Procedure Rules
  - Whistleblowing Policy
  - Gifts & Hospitality Policy
  - Policy on the Declaration of Personal Interests
  - Anti-Bribery Policy
  - Anti-Money Laundering Policy
  - Information Security Policy
4. This Strategy adheres to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014 (the Code). The Code requires leaders of public sector organisations to have a responsibility to embed effective standards for

countering fraud and corruption in their organisations, in order to support good governance and demonstrate effective financial stewardship and strong public financial management.

5. The five key elements of the CIPFA Code are:

Acknowledge the responsibility of the governing body – in the Council’s case Elected Members and the Executive Management Team – for countering fraud and corruption.	<p>Acknowledge</p> <p>Prevent</p> <p>Pursue</p>
Identify the fraud and corruption risks	
Maintain an appropriate anti-fraud and corruption strategy	
Provide resources to implement the strategy	
Take action in response to fraud and corruption	

6. Sheffield City Council has developed its Anti-fraud and corruption framework under these three key themes: Acknowledge, Prevent and Pursue, these form the basis of the Council’s work to reduce fraud.



**What does the framework cover?**

7. The framework covers the Council’s response to fraud, theft and corruption. It also covers the areas of bribery and money laundering.

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## The framework in practice

8. The Council has developed a framework of processes and policies which, when implemented appropriately, allow services to demonstrate that an anti-fraud culture is fully embedded into the operation of the Council. Below is a chart that shows how each of these documents mesh together to give the overall coverage and responsibilities of the Council towards fraud:

### Acknowledge – Prevent - Pursue

<b>Acknowledge</b>	<p>The Council's commitment to tackling fraud is clear. The Council has in place strong governance arrangements for dealing with fraud. The Chief Executive, Chief Financial Officer and Monitoring Officer along with the Executive Management Team of the Council, have overall responsibility to ensure that the Council has in place strong controls to prevent fraud. The Council's Audit and Standards Committee allows Member oversight of these arrangements.</p>
	<p>The Council has in place the following documents that clearly lay out the Council's stance on fraud and corruption and the expectations on individuals to act in an appropriate manner, as well as to report any instances of fraud or irregularity.</p> <ul style="list-style-type: none"><li>• The Council's Constitution.</li><li>• Members' Code of Conduct.</li><li>• Officers' Code of Conduct.</li></ul>
	<p>The Council has in place a number of policies covering specific areas which support officers and members in understanding the requirements on them in relation to the various expectations.</p> <ul style="list-style-type: none"><li>• Gifts &amp; Hospitality Policy.</li><li>• Policy on the Declaration of Personal Interests.</li><li>• Anti-Bribery Policy.</li><li>• Anti-Money Laundering Policy.</li><li>• Information Security Policy.</li></ul>
	<p>The Council has an eLearning package available to all staff on Fraud and Corruption. There is also a document to support schools in their understanding of the fraud risks that they face.</p>

<b>Prevent</b>	<p>The Council has in place a strong governance framework to ensure that anti-fraud controls are included in all of its financial systems and processes, these are:</p> <ul style="list-style-type: none"> <li>• Financial Regulations.</li> <li>• Financial Protocol.</li> <li>• Financial Framework of Accountability.</li> </ul> <p>There is also a requirement on all services to have in place robust processes to combat potential fraud. Increasingly computer controls are being introduced to prevent and detect fraudulent activity. These elements are designed into systems that are being developed with the Council.</p>
	<p>The Council has in place a robust risk management process which ensures that all risk pertaining to the delivery of its objectives are identified and managed at an appropriate level. To support this there is a Fraud Risk Guide for management to allow them to identify and manage any potential fraud risks that they face. Risk is reported to and overseen by the Executive Management Team and Audit and Standards Committee.</p>
	<p>All Directors are required to review their governance arrangements and report any issues as part of the Annual Governance Statement sign-off process.</p> <p>Internal Audit undertakes risk based reviews across the Council and will report any control deficiencies found. In addition they carry out a number of proactive fraud reviews in specific high risk areas each year in order to test the anti-fraud controls in place.</p>

<b>Pursue</b>	<p>The Council has a number of detective controls that are built into systems to allow it to detect or prevent fraudulent activity. It is a requirement of all staff contained within the Code of Conduct to report fraud and irregularities, so that these can be investigated. If the normal lines of communication are not appropriate, then the Council has a whistleblowing process in place that allows officers to report any issues with the appropriate safeguards in place.</p>
	<p>Where fraud is detected the Council has a comprehensive document “Fraud, Theft and Corruption Response Plan” to assist managers in the investigation of fraud issues. This is to be used alongside the Human Resources document that is used in all management investigations. There is support available from Internal Audit and Human Resources so that managers can be confident and consistent to their approach to investigating fraud. All outcomes are monitored for patterns and potential weaknesses in systems that may arise.</p>

The Council will, following a thorough investigation, report on the issues found and management will then undertake the appropriate levels of disciplinary. This will potentially be the dismissal of the employee for gross misconduct. All cases are investigated in line with best practice and any mitigating factors will be sought and taken into account in deriving the outcome. Any criminal activity will be reported to the appropriate authorities. Where a loss is identified, this will be pursued through the civil processes or insurance routes as appropriate.

## Responsibilities

9. The table below shows the responsibilities of groups and individuals in relation to the Counter Fraud arrangements of the Council.

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	<p>To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Conduct/Practice. Overall responsibility for the maintenance and operation of both Officers' and Members' Codes of Conduct, the Whistleblowing Policy and other policies.</p> <p>Provide guidance on whether a case should be referred to the Police.</p>
Chief Financial Officer (S.151 officer)	Legal duties with regard to the proper administration of financial affairs including ensuring that the Council's accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud. The reconstitution of any lost records and a requirement for an adequate and effective internal audit of accounting records and of the system of internal control in accordance with the proper practices. .Additionally, they are the Head of Profession responsible for implementing appropriate measures to prevent and detect fraud and corruption.
Audit and Standards Committee	To monitor the adequacy and effectiveness of the arrangements in place for ensuring an adequate internal control environment and for combating fraud and corruption.
Elected Members	To comply with the Members' Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.

External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Senior Finance Manager (Internal Audit)	Responsible for developing and maintaining advice and guidance on the Council's approach to managing the risks of fraud, bribery and corruption. Compiles a risk-based annual Internal Audit Plan designed to evaluate the effectiveness of the control environment. Responsible for ensuring that all suspected irregularities reported to them and are dealt with promptly and in accordance with this framework and that action is identified to improve controls and reduce the risk of recurrence. Advises on (or, where appropriate, conducts) investigations.
Executive Directors.	To ensure along with their Directors of Business Strategy that adequate fraud controls are in place and operating effectively for the portfolio that they control. They are also responsible for reporting any potential fraud or irregularities.
Directors/ Heads of Service	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Director of Legal and Governance (Monitoring Officer) and the Chief Financial Officer (s151 Officer) via Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. To provide assurance through the Annual Governance process that fraud controls are operating effectively
Sheffield City Council Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud and corruption, and to report via the normal lines of reporting or Whistleblowing procedure (where appropriate) any genuine concerns to management or the Director of Legal and Governance (Monitoring Officer) or Chief Financial Officer (s151 Officer).
Public, Service Users, Partners Contractors etc.	To be aware of the possibility of fraud and corruption against the Council and to report any genuine concerns / suspicions.

## Additional Information

10. In order to be able to implement this framework effectively a number of policies have been developed and are available on the intranet to support staff and managers, these include:

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- Sheffield City Council's Constitution
  - Sheffield City Council's Code of Conduct for Members
  - Sheffield City Council's Code of Conduct for Officers
  - The Fraud reporting page
  - The Council's Whistle Blowing Policy
  - The Council's Guidance for identifying fraud risks
  - The Council's Fraud Response Plan
  - The Council's Anti-Money Laundering Policy
  - The Council's Anti-Bribery and Corruption Policy
  - The Council's Guide to Knowing your customer
  - The Council's Guide for Fraud in Schools

11. The Council also has a number of Corporate HR, IT and Finance and Commercial Services procedures which cover key areas of process and have controls to prevent or detect varied acts of fraud, these include (this is not an exhaustive list):

- Recruitment Processes
- DBS Checking
- Capability Procedures
- Disciplinary Procedures
- Business Travel and Subsistence Policy
- Gifts and Hospitality
- Declarations of Interest
  
- Information Governance Framework
- Information Governance Systems and Processes
  
- Risk Management Processes
- Procurement Processes
- Insurance Procedures
- Financial Framework

12. These primary policies are also underpinned by a number of other procedures which are built into processes at service level, with the aim of preventing or detecting fraud.