

BRACKNELL FOREST COUNCIL COUNTER FRAUD AND CORRUPTION STRATEGY



Index

Section	Contents
1.0	Introduction
2.0	Policy Framework for preventing Fraud
3.0	Key officers and Corporate Groups
4.0	Culture
5.0	Prevention
5.1	Members
5.3	Employees
5.10	Contractors
5.11	Other agencies
6.0	Detection and Investigation
7.0	Recovery of Losses Incurred
8.0	Fraud Awareness and Training
9.0	Conclusions
10.0	Review of Strategy

1.0 INTRODUCTION

- 1.1 The Council focuses on delivering high-quality services to the people of Bracknell. A vital component of high-quality services is value for money which, in turn, demands that the Council takes all possible and practical steps to minimise the risk and effect of fraud and corruption.
- 1.2 Fraud is a serious issue for all local authorities as it impacts on the honest majority and can adversely affect the provision of services by draining resources.

The Audit Commission defines fraud as
The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

The Audit Commission defines corruption as
The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

- 1.3 The Council has zero tolerance of fraud and corruption and is committed to an effective Counter Fraud and Corruption Strategy. The Strategy together with the Fraud and Corruption Policy has been designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraud and/or corruption.
- 1.4 The Council requires all Members and employees at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Council also requires all individuals and organisations (e.g. suppliers, contractors, agents and partners) that it comes into contact with, to act towards the Council with integrity and without thought or actions involving fraud and/or corruption.
- 1.5 This Counter Fraud Strategy is based on a series of interrelated policies and procedures designed to frustrate any attempted fraudulent or corrupt act. These policies and procedures cover:-
- the Counter Fraud culture of the Council
 - prevention arrangements and controls
 - fraud awareness and training
 - the detection and investigation of suspected fraud and corruption
- 1.6 The Council is subject to a high degree of external scrutiny of its affairs by a variety of bodies including:-
- Local Government Ombudsman
 - Audit Commission / External Auditor
 - Ofsted
 - the public/service users (through the Council's Complaints Procedures)

- Central Government Departments
- HM Revenue and Customs

- 1.7 The Borough Treasurer is the Section 151 officer for the Council as defined by the Local Government Act 1972. He has an overriding and statutory responsibility to ensure that there are adequate and effective financial procedures in place. He is also responsible for ensuring that the Council has an effective internal audit function.
- 1.8 Internal Audit provides independent assurance on the control environment and acts as a deterrent to would-be fraudsters. Whilst Internal Audit reviews alone, although carried out with due professional care, cannot guarantee that frauds will be detected, the Annual Internal Audit Plan is designed to ensure that there is coverage of areas where there is a higher risk of fraud and irregularity such as where there is cash income.
- 1.9 The External Auditor has a duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

2.0 POLICY FRAMEWORK FOR PREVENTING FRAUD

2.1 The Terms of Reference for the Governance and Audit Committee specifically include reference to reviewing and monitoring the Anti-Fraud and Corruption Policy. To support the Governance and Audit Committee in this role the Borough Treasurer and Head of Audit and Risk Management report on the Policy Framework and level of fraud detected within the Council each year. This Committee will approve any changes to the Policy Framework.

2.2 The key policies comprising the Policy Framework are:-

(a) **Counter Fraud Strategy**

This document sets out the Strategy which the Council has adopted to prevent loss due to fraud and corruption. The Council will be both pro-active in detecting suspected fraud and corruption and will deal effectively with all identified instances of loss. **The Strategy will be reviewed every two years.**

(b) **Housing Benefit Fraud Strategy**

This document sets out the Council's commitment to detecting and preventing benefit fraud, the responsibilities of the Housing and Council Tax Benefit Investigation Department and the Department's anti-fraud initiatives. **This Strategy will be reviewed as and when required.**

(c) **Fraud and Corruption Policy**

This Policy sets out the Council's position on Fraud and Corruption and details how it should be dealt with. **This Policy will be reviewed as and when required.**

(d) **Benefit Fraud Policy**

This Policy sets out the Housing and Council Tax Benefit Investigation Department's counter fraud arrangements and criteria for prosecution and alternative sanctions. **This Policy will be reviewed annually.**

- (e) **Whistle-Blowing Policy**
Whistle-Blowing remains the most common way that frauds are detected in large organisations such as the Council. The Policy allows employees, agency employees and organisations providing goods and services to or carrying out works for the Council to raise allegations in a confidential manner. **This Policy will be reviewed as and when required.**
- (f) **Anti-Money Laundering Policy**
This Policy defines the responsibilities of officers in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007. The Borough Treasurer is the Money Laundering Reporting Officer for the Council and the Borough Solicitor is the Deputy Money Laundering Reporting Officer. This Policy explains how any allegations of such practice will be dealt with. **This Policy will be reviewed as and when required.**
- (g) **Fraud and Loss Risk Assessment**
This is an annual assessment which sets out the risks facing the Council based on events which have occurred, intelligence of events occurring elsewhere and issues which may represent a potential future threat. Its aim is to analyse the fraud / loss risks facing the Council and then direct internal audit work to specific areas to help detect fraud and loss. **This Assessment will be reviewed by the Governance and Audit Committee on an annual basis.**
- (h) **Financial Regulations**
The Regulations will be reviewed will be reviewed as and when required.
- (i) **Disciplinary Procedure**
The Council's investigation process as set out in the Disciplinary Procedure is applied when investigating any allegation or concern involving suspected staff misconduct or inappropriate behaviour. **This Procedure will be reviewed as and when required.**

3.0 KEY OFFICERS, CORPORATE AND MEMBER GROUPS

3.1 There are a number of officers and Corporate Groups which have a key role in protecting the Council from fraud / loss. These include:-

- The **Chief Executive** is responsible for the corporate and overall strategic management of the authority;
- the **Borough Treasurer**, as the Section 151 officer, has a specific legal responsibility to ensure adequate and effective anti-fraud/loss arrangements are in place;
- the **Borough Solicitor**, as the Monitoring Officer has a statutory responsibility in relation to the legality of Council decisions and proposals, along with a key statutory role in supporting the Council's Standards Committee to uphold high ethical standards throughout the authority. The Borough Solicitor as Monitoring Officer also has overall capacity for the maintenance and operation of the Whistle blowing Policy;

- the **Corporate Management Team** as the senior management team for the organisation has responsibility for implementing agreed Council policies and ensuring internal controls are adhered to;
- the **Directors** are responsible for ensuring that that the staff within their Department are aware of their responsibilities within the Fraud and Corruption Policy, for ensuring all suspected irregularities are reported to the Borough Treasurer or the Head of Audit and Risk Management and for instigating the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour;
- the **Group Accountants** from the Finance and Central Services Directorate are responsible for ensuring that the Section 151 role of the Borough Treasurer is discharged in each Directorate. This includes identifying and reporting any matters they consider to be of concern;
- the **Head of Audit and Risk Management** is responsible for investigating and or supporting the investigation of frauds and irregularities referred to Internal Audit and for ensuring that the potential for losses due to fraud and corruption are included in the Strategic Risk Register where appropriate;
- the **Benefits Investigation Department** is responsible for undertaking proactive visits to confirm ongoing entitlement to benefit and investigating cases of potential benefit fraud highlighted to it;
- the **Corporate Governance Working Group** is responsible for ensuring that the organisation has fraud and corruption procedures which comply with Good Governance Standards;
- the **Strategic Procurement Group**, whose role includes improving the overall procurement arrangements of the County Council, has a responsibility for developing procedures to detect and prevent fraud in the area of contracting and procurement;
- the **Chief Officer: Human Resources** is responsible for providing overall guidance and advice for the Disciplinary Procedure. Human Resources also provide assistance and support to officers undertaking investigations;
- the **Governance and Audit Committee** is responsible for reviewing and monitoring the Anti-Fraud and Corruption Policy; and
- the **Standards Committee** is responsible for the ethical conduct of Councillors within the Borough, advises on the adoption of appropriate Codes of Conduct and Protocols governing the conduct of Councillors and ensures Councillors receive training on the Codes of Conduct and Protocols. In addition, it considers and, in appropriate cases, determines allegations that a Councillor has infringed the Code of Conduct for Members.

4.0 CULTURE

- 4.1 The Council's **Financial Regulations** make it clear that the Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Council, including Members, will be robust in dealing with financial malpractice. Senior service managers are expected to deal swiftly and firmly with those who defraud the Council or who commit corrupt acts involving the Council.

- 4.2 The employees of the Council can undertake an important role in identifying possible fraud and corruption and they are therefore positively encouraged to raise any concerns that they may have. They can do this in the knowledge that such concerns will be treated in confidence, be properly investigated and are fairly dealt with. If necessary a route, other than a normal line manager may be used to raise such concerns. The Council has a **Whistle-Blowing Policy** in place in accordance with the Public Interest Disclosure Act to encourage employees and organisations providing goods, works and services to the Council to raise concerns without fear of harassment or victimisation.
- 4.3 Directors should ensure that any case of suspected irregularity is reported at the earliest opportunity to the Borough Treasurer or Head of Audit and Risk Management and where financial impropriety is discovered, the Borough Treasurer should be informed.
- 4.4 Internal Audit will ensure that any case of suspected of fraud or corruption or other irregularity reported to Internal Audit is investigated promptly.

5.0 PREVENTION

Members

- 5.1 Members are required to, at all times, act in accordance with the Council's Constitution and observe the Members Code of Conduct and the protocols relating to Councillors. In addition, Members are required to complete the Register of Interests and Hospitality Register.
- 5.2 These matters and other guidance are specifically brought to the attention of the Members in Part 4 of the Council's Constitution.

Employees

- 5.3 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard, temporary and contract employees should be treated in the same manner as permanent employees.
- 5.4 Employee recruitment should therefore be undertaken in accordance with Council procedures. In particular, written references covering the honesty and integrity of potential employees should be obtained before employment offers are made.
- 5.5 Employees are expected to abide by the Code of Conduct which sets out the Council's requirement on personal conduct. Employees are also expected to follow any Code of Conduct related to their personal Professional Institute.
- 5.6 The Council has in place a Disciplinary Procedure.
- 5.7 The role that employees are expected to play in the Council's framework of internal control will feature in employee induction procedures.

- 5.8 The Council has in place a Constitution containing Contract and Financial Regulations that provide a framework of control. Employees must operate within these Regulations at all times.
- 5.9 The Council requires key staff to provide an annual declaration of interests and there is an expectation that all relevant interests will be declared.

School Governors

- 5.10 School governors are required to comply with the Code of Conduct for Governors. In addition, there is a legal duty on all governors for them to declare any interests that may be likely to lead to questions of bias when considering any item of business.

Contractors

- 5.11 The Council expects the highest standards of conduct from all its contractors and the staff they employ. The Whistle blowing Policy extends to contractors and their staff.

Combining with other agencies

- 5.11 Arrangements are in place, and continue to be developed, to encourage the exchange of information between the Council and other public agencies on national and local fraud and corruption activity in relation to local authorities. Any such exchange of information is undertaken in accordance with the principles contained in the Data Protection Act 1998.

- 5.12 These public agencies include:-

- Police
- Local, Regional and National Auditor Networks
- the National Anti Fraud Network
- Audit Commission
- Office of Fair Trading
- Department for Works and Pensions
- Local Borough / District Councils

6.0 DETECTION AND INVESTIGATION

- 6.1 The Council has in place an array of preventative systems, particularly internal controls designed to provide indicators of any fraudulent activity. These measures are generally also sufficient in themselves to deter fraud.
- 6.2 It is the responsibility of Directors/Heads of Service and their line managers to prevent and detect fraud and corruption. However, it is often the alertness of employees and members of the public to such indicators that enables fraud to be detected and the appropriate action to be taken.

- 6.3 Despite the best efforts of managers and auditors many frauds are discovered by chance or "tip-off" and the Council has in place Whistle Blowing arrangements to enable such information to be properly dealt with.
- 6.4 It is a requirement of the Financial Regulations that all suspected irregularities are reported to the Borough Treasurer. Reporting is essential to the Counter Fraud Strategy and:-
- ensures the consistent treatment of information relating to suspected fraud and corruption
 - facilitates proper investigation by an experienced Internal Audit team
 - ensures the proper implementation of a fraud response plan
- 6.5 Depending on the nature and anticipated extent of the allegations, Internal Audit work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.
- 6.6 The Council's Disciplinary Procedures will be used with assistance from Human Resources where the outcome of the audit investigation indicates improper behaviour by a member of staff.
- 6.7 Where impropriety is discovered and there is evidence that a criminal offence may have occurred, the Council's policy is that the Police will be informed but that this will not delay the matter being dealt with on an internal basis. Referral to the Police is a matter for the Head of Audit and Risk Management following consultation with the Borough Treasurer.
- 6.8 The External Auditor also has powers to independently investigate fraud and corruption, and the Council can use his services for this purpose, if considered appropriate.

7.0 RECOVERY OF LOSSES INCURRED

- 7.1 Where the Council can demonstrate that it has suffered financial loss, the Council will take all reasonably practical steps to recover the loss from the individual or organisation concerned.
- 7.2 Where criminal offences are involved then cases will be referred to the Police. However, such investigations often take time. The Council may also decide not to pursue matters until the Police investigation is concluded. If the Police decide to charge the employee, the matter can also take a long time to come to court.

8.0 FRAUD AWARENESS AND TRAINING

- 8.1 The Council recognises that training, particularly of line managers, is an effective method of raising awareness of the risk of fraud.

9.0 CONCLUSIONS

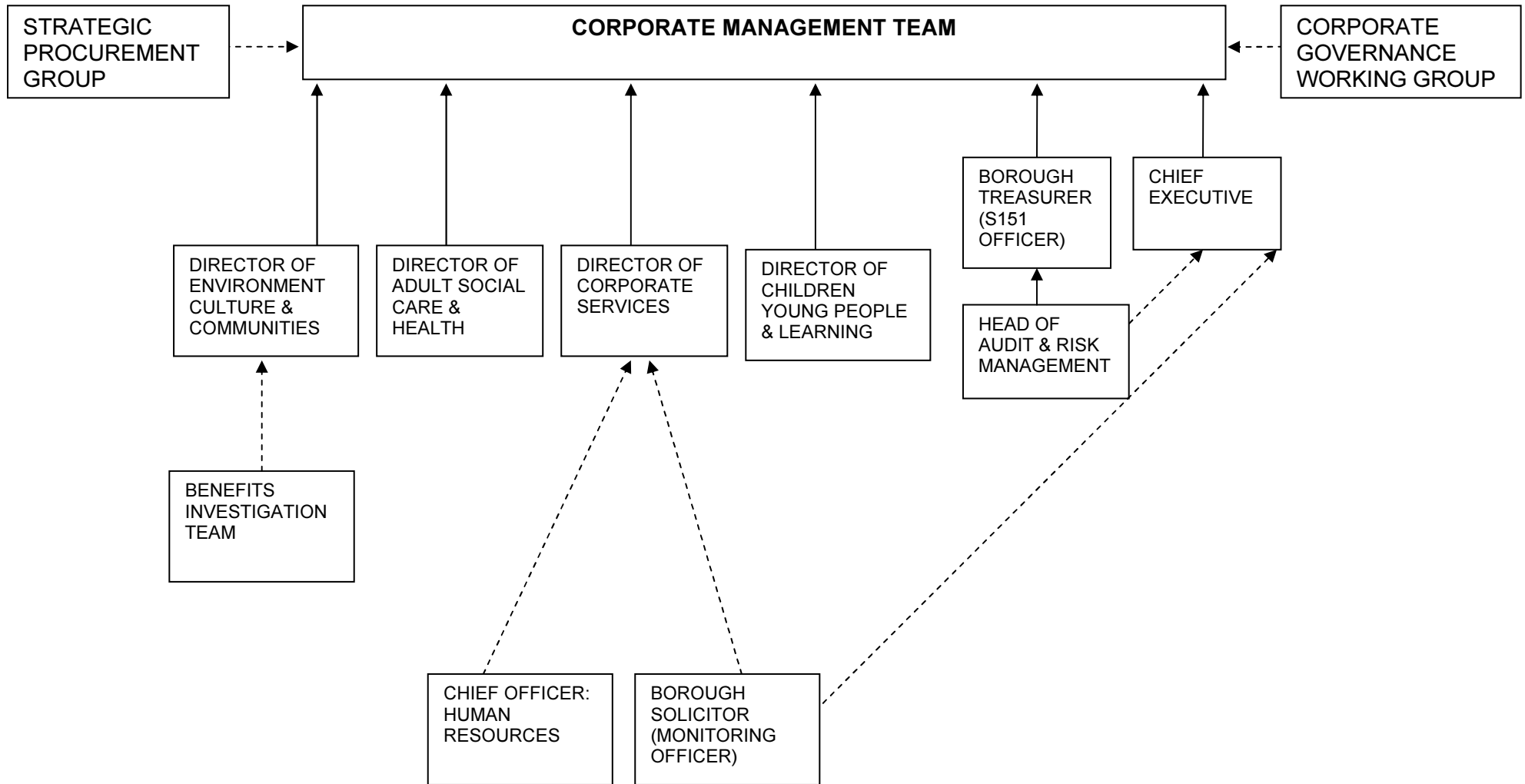
- 9.1 The Council has in place a clearly defined network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operational activities.
- 9.2 To this end the Council maintains a continuous overview of such arrangements in particular through regular updates of the Financial Regulations, monitoring an oversight by the Governance and Audit Committee and internal audit arrangements.

10.0 REVIEW OF STRATEGY

- 10.1 This Strategy will be subject to review at least every two years to ensure its currency.

**OFFICER ORGANISATION CHART
FOR COUNTER FRAUD ARRANGEMENTS**

Appendix A



MEMBERS STRUCTURE OVERSEEING COUNTER FRAUD ARRANGEMENTS

