



ANTI FRAUD AND CORRUPTION POLICY AND GUIDANCE

November 2012

1.0 Introduction

- 1.1 Brentwood Borough Council takes its duty to ensure proper stewardship of public money very seriously. The Council, is therefore, committed to the prevention, detection and investigation of all forms of fraud and corruption, whether these are attempted from within or outside the organization.
- 1.2 The Council expects the highest standards of conduct and integrity from all that dealings with it including staff, members, contractors, volunteers and the public. It is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability so as to protect public safety and public money.
- 1.3 All suspicions or concerns of fraudulent or corrupt practice will be investigated. There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

2.0 What is Fraud and Corruption?

- 2.1 For the purposes of this document, fraud and corruption are defined as follows:

Fraud

The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to:

- conceal the misappropriation of assets or otherwise for gain; or
- mislead or misrepresent.

Corruption

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

- 2.2 This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act. For ease of understanding it is separated into four key areas:-
- 1) Culture
 - 2) Responsibilities and prevention
 - 3) Detection and investigation
 - 4) Awareness and monitoring

3.0 Culture

- 3.1 The prevention/detection of fraud/corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Council'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. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.
- 3.2 Concerns must be raised when members, employees or the public 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 or unauthorised use of public or other official funds
 - A miscarriage of justice
 - Maladministration, misconduct or malpractice
 - Endangering an individual's health and/or safety
 - Damage to the environment
 - Deliberate concealment of any of the above
- 3.3 The Council will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner. The Council has a whistle blowing policy that sets out the approach to these types of allegation in more detail.
- 3.4 The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through Group procedures (members).
- 3.5 When fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

4.0 Responsibilities and Prevention

4.1 Responsibilities of Elected Members

As elected representatives, all members of the Council have a duty to protect the Council and public money from any acts of fraud and corruption. This is done through existing practice, compliance with the National and Local Code of

Conduct for Members, the Council's Constitution including Financial Regulations, Standing Orders, the Anti-Bribery Policy and relevant legislation. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. Officers advise members of new legislative or procedural requirements.

4.2 Responsibilities of the Monitoring Officer

The Monitoring Officer is responsible for ensuring that all decisions made by the Council are within the law. The Monitoring Officer's key role is to promote and maintain high standards of conduct throughout the Council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standards policies.

All suspected instances of fraud or corruption (apart from benefit claim issues) should be reported to the Monitoring Officer. The Council also has a Whistleblowing Policy and process in place to protect such a process.

4.3 Responsibilities of the Head of Corporate Finance

The Head of Corporate Finance has been designated the statutory responsibilities of the Chief Finance Officer as defined by s151 of the Local Government Act 1972. These responsibilities outline that every local authority in England & Wales should:

"make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs"

'Proper administration' encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting and internal audit;
- Managing the financial affairs of the Council;
- The proper exercise of a wide range of delegated powers both formal and informal;
- The recognition of the fiduciary responsibility owed to local tax payers.

Under these statutory responsibilities the Head of Corporate Finance contributes to the anti-fraud and corruption framework of the Council.

4.4 Responsibilities of the Corporate Leadership Team

Managers at all levels are responsible for the communication and implementation of this policy. They are also responsible for ensuring that their employees are aware of the Council's personnel policies and procedures, the Council's Financial Regulations and Standing Orders and that the requirements of each are being met. Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Special arrangements may be applied from time to time for example where employees are responsible for cash handling or are in charge of

financial systems and systems that generate payments, for example Payroll or the Revenues & Benefits computer system. These procedures will be supported by relevant training.

The Council 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 agency staff. The Council's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other public bodies Criminal Records Bureau (CRB) checks are undertaken for employees working with or who may have contact with children or vulnerable adults.

4.5 Responsibilities of Employees

Each employee is governed in their work by the Council's Standing Orders and Financial Regulations, and other policies on conduct and IT usage. Included in the Council policies are guidelines on Gifts and Hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. In addition, employees are responsible for ensuring that they follow any instructions given to them, particularly in relation to the safekeeping of the assets of the Council. Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management.

4.6 Role of the Benefits Investigation

Due to the specialised nature of benefit fraud investigations a separate sanctions policy has been developed that covers all aspects of the benefit investigation process.

4.7 Role of Internal Audit

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud and as such, Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. However, Internal Audit do endeavour to plan their work so that they have a reasonable expectation of detecting significant control weaknesses and, if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. Internal Audit liaises with management to recommend changes in procedures to reduce risks and help to prevent losses to the authority.

4.8 Role of the External Auditors

Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by the Ernst and Young through specific reviews that are designed to test (amongst other things) the adequacy of the

Council's financial systems and arrangements for preventing and detecting fraud and corruption. It is not the external auditors' function to prevent fraud and irregularities, 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 Council contributes to the bi-annual Audit Commission led National Fraud Initiative which is designed to cross match customers across authorities to highlight areas where there are potential fraudulent claims.

4.9 Role of the Public

This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

4.10 Conflicts of Interest

Both elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

5.0 Detection and Investigation

5.1 The Council has endeavoured to develop systems and procedures that include effective and efficient controls. These are designed to achieve clarity and accountability. One important control is giving people separate duties. This prevents any one person having too great an influence over any transaction. The Council's controls are designed so that even if a fraud happens, it will be found quickly and the responsible person will be identified. The effectiveness and appropriateness of these controls are reviewed regularly by management including an independent review by Internal Audit.

5.2 Disciplinary Action

The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Theft and dishonesty are serious matters which may constitute gross misconduct against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities, including Benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Council. 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. If the matter is

a breach of the Code of Conduct for Members then it will also be referred for investigation and appropriate sanction through the Council's due process.

5.3 Prosecution

In terms of proceedings the Council will endeavour to take action in relevant cases to deter others from committing offences against the Council.

5.4 Publicity

The Council will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. Wherever possible, where the Council has suffered a financial loss action will be taken to pursue the recovery of the loss. All anti-fraud and corruption activities, including the update of this policy, will be publicised.

6.0 Awareness and Monitoring

6.1 The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees and will therefore take appropriate action to raise awareness levels.

6.2 The Monitoring Officer will provide an annual report to senior management and Members outlining investigations undertaken during the year.

6.3 This policy and associated procedures will be reviewed annually by the Audit Committee and will be made available to all employees and Members.

7.0 Conclusion

7.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. In addition to this, the Council maintains a continuous overview of such arrangements to ensure that they reflect any new or future developments in both prevention and detection techniques.

7.2 This policy will be reviewed and updated periodically to follow best practice and other legislative changes.