



Anti-Fraud, Bribery & Corruption Policy

February 2017

Version	Date	Author	Description
1.0	January 2001	Internal Audit – Gordon Brown	Working Document
1.1	March 2008	Internal Audit – Nadeem Ukadia	Version 2 draft
1.2	September 2008	Internal Audit – Ian Evenett	Revised Members code.
1.3	December 2008	Internal Audit – Nadeem Ukadia	Revised following feedback from Management & Members.
2.0	2011	Internal Audit – Nadeem Ukadia	Incorporate Bribery Act & other minor changes
2.1	2017	Head of People and Development – Heather Brennan	Minor reference- revisions following Management restructure.

Anti-Fraud, Bribery & Corruption Policy

INTRODUCTION	4
STATEMENT	4
OBJECTIVES	4
CULTURE	4
DEFINITION OF FRAUD AND CORRUPTION	5
RISK AREAS	5
OVERALL RESPONSIBILITY	6
EFFECTIVE ADMINISTRATIVE AND FINANCIAL PROCEDURES	7
RELEVANT CODES OF CONDUCT	8
SOUND RECRUITMENT PROCEDURES	9
IT CONTROLS.....	9
ELECTION FRAUD	9
SOUND DISCIPLINARY PROCEDURES	10
ADEQUATE AND EFFECTIVE INTERNAL AUDIT	10
DETECTION AND INVESTIGATION	10
DEVELOPMENTS OF RELATIONSHIPS AND LIAISON ARRANGEMENTS WITH POLICE AND OTHER AGENCIES	11
RECOVERY OF LOSSES ARISING FROM FRAUD AND CORRUPTION	11
HOUSING AND COUNCIL TAX BENEFIT FRAUD	11
INFORMATION FROM EXTERNAL PARTIES	12
HOW TO RAISE A CONCERN	12
CONCLUSION.....	13
REFERENCES	13

INTRODUCTION

1. This document sets out the position held by the Council on fraud, bribery and corruption. It is intended to set out for Councillors and employees the Council's position and how suspicions or incidents that might come to their attention should be dealt with.
2. Guarding against fraud and corruption and exercising clear actions where it is discovered forms a key aspect of the Council's corporate governance arrangements and as such is encompassed in the Council's Local Code of Corporate Governance.

STATEMENT

3. The Council is committed to preventing, discouraging and detecting fraud and corruption, whether attempted on, or from within the Council.
4. The Council expects all Councillors and employees at all levels to be aware of and abide by the standards of conduct expected of them including all other procedures designed to reduce the risk of fraud and corruption.

OBJECTIVES

5. The objectives of the Anti-Fraud, Bribery and Corruption Policy are to:-
 - a) Provide a clear statement on the Council's position on fraud and corruption
 - b) Minimise the risk to the Council's assets and good name
 - c) Promote a culture of integrity and accountability in Councillors, employees and all those the Council does business with.
 - d) Ensure the Council achieves its objectives and priorities
 - e) Enhance procedures aimed at preventing, discouraging and detecting fraud and corruption.
 - f) Raise awareness of the risk of fraud and corruption being perpetrated against the Council.
 - g) Seek to ensure probity and propriety in all financial related matters.

CULTURE

6. The Council is determined that the culture of the organisation will be, and be seen to be, one of openness, honesty and opposition to fraud and corruption, with members and employees leading by example.
7. All employees will be made aware of the policies and procedures aimed at the prevention and detection of fraud and corruption which include Standing Orders, IT Security Policy and Financial Procedure Rules.
8. The Whistleblowing Policy encourages Councillors and employees to raise any concerns that they may have. They can do this in the

knowledge that such concerns will be treated in confidence and properly and impartially investigated, by the appropriate officer with no detriment ensuing to the person (under the Public Interest Disclosure Act 1998) or organisation raising the complaint / concern in good faith.

9. There is a need to ensure that this policy is not misused. Any abuse such as knowingly raising unfounded and/or malicious allegations may, if appropriate, be dealt with as a disciplinary matter.

DEFINITION OF FRAUD AND CORRUPTION

10. The **Fraud Act 2006** has defined fraud in law under three classes:
 - False representation
 - Failing to disclose information
 - Abuse of position
11. Additionally, intentions to commit fraud if proven is a criminal offense.
12. IT-related fraud is classified under the Computer Misuse Act 1990. Offences are committed by gaining:
 - Unauthorised access to computer material
 - Unauthorised access with intent to commit further offences
 - Unauthorised modification of computer material
13. **Corruption** is “the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person” (Ref: CIPFA)
14. One form of a corrupt act that has received great focus recently is bribery. **Bribery** concerns the improper performance by:
 - Giving and / or offering inducements
 - Receiving and / or requesting inducements
15. The offence of bribery has been laid out in the Bribery Act 2010 which the Council are obliged to adhere to and which otherwise carries penalties for officers, members and the organisation for failing to implement adequate procedures.

RISK AREAS

16. Within local government, areas which most commonly encounter **fraud** include: car parking; cash collection; cheques; contracts; credit income; creditor payments; expense claims; housing benefits; loans and investments; payroll; renovation grants and procurement.
17. The following are examples of **IT-related fraud**, virus infection, theft (hardware and software), use of unlicensed software (including copying),

private work, hacking, sabotage, misuse of personal data and introduction of pornographic material.

18. The Council's requirements in relation to avoiding IT fraud and abuse are covered in the Information Technology Security Policy
19. Council's arrangements in relation to **Housing and Council Tax Benefit fraud** are covered in the Councils Housing and Council Tax Benefit Fraud Policy and associated documents.
20. Areas where **corrupt** practices (including **bribery**) may be found are: the award of permissions; planning consents and licences; canvassing for appointments; gifts and hospitality; pecuniary interests of members and officers; secondary employment of staff which may influence their work for an authority; pressure selling; tendering and award of contracts; settlement of contractor's final accounts and claims; and the disposal of assets.
21. Management must maintain and revise **risk registers** to reflect an assessment of risks within their service area. These should include the exposure to the potential of fraud and corruption (including bribery) committed by representatives of the Council and also those that are carried out by external sources.
22. Along with the identification of risks, mitigating actions need to be stated and implemented to ensure we have protection against such exposures.

OVERALL RESPONSIBILITY

23. The primary responsibility for maintaining sound arrangements to prevent and detect fraud and corruption rests with **management**. Management is responsible for ensuring that controls, including those in a computerised environment, are properly maintained, operating effectively as expected and are documented. Regular checking of these key controls is essential, e.g. spot checks.
24. Management should maintain and monitor an effective complaints process and be aware of this process in the identification of fraud and corruption.
25. Specific legal requirements (section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015) exist concerning financial administration and control within local authorities. Councils must make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. This is usually the **Section 151 Officer** who is required, among other things, to:
 - maintain an effective accounting system
 - comply with statutory reporting requirements

In addition, within Burnley, the Council has agreed that the Council's Section 151 Officer shall be responsible for maintaining an adequate and effective internal audit.

26. Furthermore, the Local Government and Housing Act 1989 requires each local authority to appoint a **Monitoring Officer** whose duties require him/her to report to the Council any contravention of any enactment or rule of law or code of practice or any such maladministration or injustice. In this authority, the Monitoring Officer is the Head of Governance, Law, Property and Regulation.
27. **External Audit** is responsible for reviewing the Authority's arrangements for preventing and detecting fraud and corruption. (Code of Audit Practice, under the Local Audit and Accountability Act 2014)
28. There is an **Investigation Unit** within Revenues and Benefits that is responsible for investigation of allegations of fraud in cases of Housing and Council Tax benefit and working with Central Government on fraud relating to other benefits.

EFFECTIVE ADMINISTRATIVE AND FINANCIAL PROCEDURES

29. Weaknesses in the design and operation of administrative and financial systems may increase the risk of fraud or corruption occurring. As far as practical systems should contain efficient, effective and well-documented controls.
30. Specifically, systems should contain:
 - adequate separation of duties in processes so that the work of one officer provides a check on the work of another
 - organisation and physical controls in order to clarify responsibilities and prevent unauthorised access to assets
 - authorisation and accounting controls in order to ensure processes operate effectively
 - supervisory and management controls in order to ensure monitoring and reporting arrangements are sound and that exceptions are promptly highlighted to the appropriate tier of management for investigation and/or corrective action
 - an effective audit trail so that any activity within the system can be traced and identified.
31. The Council has developed and will continue to promote the development of new systems and enhancement of existing systems and procedures which incorporate efficient and effective internal controls.
32. In addition the Council's Internal Audit Services Unit and our external Auditor independently monitor the existence and effectiveness of control.

RELEVANT CODES OF CONDUCT

33. Employees and members should be made aware of all relevant documents and be required to familiarise themselves with their obligations. (Documents include the Council's Standing Orders, Financial Procedure Rules and Employees Code of Conduct and in respect of members, the local Code of Conduct).

Employees

34. A Code of Conduct has been produced and is issued to all employees, providing guidance on:
- declaration of interests
 - gifts and hospitality
 - personal use of resources
 - sponsorship
 - relationships
 - tendering matters
35. Employees are also required to notify the Council of any areas of conflict between their personal lives and their Council duties. These must be recorded in a register maintained by the People and Development unit. Details of any offers of hospitality or gifts are to be kept by their respective Head of Service. (See Employees Code of Conduct)

Members

36. Members are required to abide by:

The Council's Standing Orders
The National Code of Conduct for Members
Council's local Code of Conduct for Members
Sections 94-96 of the Local Government Act 1972
The Local Authorities Members Interest Regulations 1992

37. These matters are brought to the attention of councillors in the handbook they receive as part of their introduction to the Council. It is essential that all councillors declare to the Monitoring Officer:
- Any areas of conflict between their Council duties and any other areas of their personal or professional lives which the Monitoring Officer will record in a register of members interests.
 - Any hospitality or gifts received in connection with their public office, or from those with which the Council deals, details of which will be recorded in a register held and maintained by the Monitoring Officer.

38. Any changes in circumstances that impact on the declarations must be declared to the Monitoring Officer as soon as possible and an update made to the appropriate records.

SOUND RECRUITMENT PROCEDURES

39. Staff recruitment should be in accordance with procedures produced by the People and Development Unit and therefore should provide for the procurement of references and verification of significant information (e.g. qualifications) supplied by applicants.
40. Employee and Member induction schemes should brief entrants on required conduct.
41. Written references regarding known honesty and integrity of potential employees must be obtained before employment offers are made. These should preferably cover an appropriate period of employment history. In this regard temporary and contract employees should be treated in the same manner as permanent employees.
42. Those employees who hold professional, trade, or other appropriate qualifications are expected to comply with codes of conduct issued by those organisations which are a condition of membership and indeed may be legally binding.

IT CONTROLS

43. Information Technology is an area of increased risk to fraud. The Council recognises this and has an IT Security Policy that describes the expected level of control and mechanisms in operation for the prevention and detection of Fraud. Users are responsible for ensuring that they are operating appropriate controls that are described in the IT Security Policy.
44. Software usually has additional controls that are specific to the requirements of the system concerned. Management should ensure that these are maintained and that users operate them.
45. Failure to operate controls can provide opportunities for fraud in wider systems so it is essential that all users recognise their responsibility and operate them diligently.

ELECTION FRAUD

46. Election fraud damages the free and fair democratic process of electing representatives to the Council. Such allegations will be considered seriously and the Returning Officer will refer these to the police to investigate.

47. Council employees such as the Returning Officer, Deputy Returning Officers, Internal Audit, Monitoring Officer or any other appropriate Council staff or member may assist the police in evidence gathering.
48. Individuals should raise concerns with the Returning Officer or any other appropriate Council employee detailed in the section '[How To Raise A Concern](#)'.

SOUND DISCIPLINARY PROCEDURES

49. In the event of an alleged fraudulent or corrupt act by an employee the Council's Disciplinary Procedures will be followed. It is intended that disciplinary action will be considered and applied in a fair, effective and consistent manner in accordance with the principles of natural justice and appropriate employment legislation and Codes of Practice.
50. Disciplinary Procedures should be regularly reviewed as a matter of course but should also be reviewed as circumstances dictate.
51. The Council's Standards Committee will deal with matters of improper behaviour involving councillors. In any event, those members with political affiliation may face action by their own political party.

ADEQUATE AND EFFECTIVE INTERNAL AUDIT

52. In compliance with the Accounts and Audit Regulations 2011, an adequate and effective internal audit must be maintained of the Council's accounts and control systems.
53. Audit plans should pay special attention to those activities which are particularly exposed to the risk of fraud.
54. The attention of management should be drawn specifically to weaknesses in internal control identified during the audit which may facilitate fraud.

DETECTION AND INVESTIGATION

55. It is the alertness of employees, Councillors and members of the public which result in appropriate management becoming aware of potential problems and enabling an investigation to take place.
56. Under Financial Procedure Rules, Heads of Service and all other employees of the Council are required to report all suspected financial irregularities to the Section 151 Officer who shall decide on the action to be taken. In practice, the matter should be initially reported to the Head of Finance as Head of Internal Audit who will then inform the Monitoring Officer where required. This will ensure that all instances of fraud and corruption are reported to Internal Audit.

57. It is important that Internal Audit are made aware of all suspected incidents of fraud, corruption and theft. In some instances Internal Audit may assist or conduct a subsequent investigation, alternatively they may provide advice to management. These arrangements are to ensure that:
- a) a planned and consistent response can be implemented
 - b) evidence is collected and is safeguarded properly and as early as possible
 - c) a comprehensive view of the risk of fraud that the Council faces can be determined
58. Where the fraud relates to Housing or Council Tax Benefit these instances should be reported to the Benefit Fraud Investigation Section.
59. Matters concerning Councillors should initially be reported to;
- The Monitoring Officer
 - Burnley Borough Council
 - Town Hall
 - Burnley
 - BB11 1JA

DEVELOPMENTS OF RELATIONSHIPS AND LIAISON ARRANGEMENTS WITH POLICE AND OTHER AGENCIES

60. The Council will liaise and co-operate with other interested agencies and authorities such as the Department for Work and Pensions, the Police, professional bodies, other local authorities etc, by, for example, exchanging information. The Council will ensure that in all circumstances due regard is paid to the requirements of the Data Protection Act 1998 and there is adherence to the law generally on the exchange of information.
61. The decision whether to refer cases to the Police will be taken by the Head of Finance or the Monitoring Officer. Different arrangements are in place in respect of Housing and Council Tax Benefit where the action is taken on the base of the Prosecution Policy.

RECOVERY OF LOSSES ARISING FROM FRAUD AND CORRUPTION

62. Strenuous efforts will be made to recover any such losses, using the necessary legal processes where appropriate. In doing so, due regard will be taken of the likelihood of securing recovery and the relative costs involved in pursuing recovery.

HOUSING AND COUNCIL TAX BENEFIT FRAUD

63. The Council has adopted a Prosecution Policy and Anti Fraud Strategy specifically for housing and council tax benefit fraud. Their aim is to

make provision for the prevention, detection and deterrence of benefit fraud.

64. Benefit fraud is a significant strain on public resources, therefore officers and members of the Council are encouraged to familiarise themselves with these documents and its contents and implications.
65. All officers and members of the Council have a responsibility, wherever they can to assist in the fight against benefit fraud.

INFORMATION FROM EXTERNAL PARTIES

66. The Council would encourage all external bodies, such as suppliers, contractors, residents and customers to familiarise themselves with this policy and the above benefit fraud policies and strategies too.
67. Where an external party genuinely suspect malpractice, such as that explained in the previous sections, the Council would welcome the information provided.

HOW TO RAISE A CONCERN

68. Detailed information on how to inform the Council of your concerns is available in the Whistleblowing Policy.
69. External parties can raise concerns with the Monitoring Officer by telephone on 01282 477140, by email to lpatel@burnley.gov.uk , or by post to Town Hall, Manchester Road, Burnley, BB11 9SA, marking your envelope 'Private and Confidential'.
70. Internal parties may additionally find it more appropriate to contact an officer of the council as explained in paragraph 71.
71. The officers to whom concerns may be reported under the Whistleblowing Policy are as follows:- Service Managers, Chief Operating Officer (Returning Officer), Head of Governance, Law, Property and Regulation (Monitoring Officer), Head of Finance (Section 151 Officer), Head of People and Development or Internal Audit Manager.
72. The above is not a sequential list of officers to approach. Instead this will depend upon the seriousness, sensitivity and individuals involved in the malpractice.
73. All information will be dealt with properly, quickly and discreetly. Ensuring confidentiality is upheld.
74. Housing and Council Tax Benefits concerns should be raised with the Benefit Fraud Investigation, by email to investigations@burnley.gov.uk or by post to Benefits Investigation Unit, Benefit Office, Burnley Borough

Council, Parker Lane, Lancashire, BB11 2DS or telephone Freephone
Hotline number: 0800 169 1304.

CONCLUSION

75. The Council has in place a clear network of systems and procedures to assist it in combating fraud, bribery and corruption. Efficient and effective internal control procedures and employees awareness forms the basis of the anti-fraud, bribery and corruption policy.
76. This policy statement will be subject to review in response to changing circumstances.

REFERENCES

77. Benefits Anti-Fraud Strategy
78. Code of Conduct for Employee
79. Code of Conduct for Members
80. IS Security Policy
81. Local Code of Corporate Governance
82. Prosecution Policy
83. Risk Management Strategy
84. Whistleblowing Policy