



NORTHAMPTON
BOROUGH COUNCIL

ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

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ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

POLICY STATEMENT

Northampton Borough Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

1. INTRODUCTION

- 1.1 This document sets out Northampton's commitment to the prevention and detection of fraud and corruption. The Strategy is designed to:
- Encourage prevention
 - Promote detection, and
 - Provide an effective means of investigation.
- 1.2 The Council expects that Members and employees, at all levels, will lead by example in ensuring adherence to legal requirements, rules, procedure, practices and best behaviour.
- 1.3 The Council also expects that individuals and organisations (suppliers, contractors and service providers) that it comes into contact with will act towards the Council with integrity and without thoughts or actions involving fraud and corruption.
- 1.4 Management is expected to deal swiftly and firmly with those who defraud the Council or who are corrupt. The Council, including Members, should be robust in dealing with malpractice.

Definition of Fraud and Corruption

- 1.5 The Fraud Act 2006 describes fraud as unlawfully making a gain of money or other property for yourself or someone else or causing loss to or exposing another to a risk of loss of money or other property. The Act describes three ways in which fraud might be committed:
- By making false representation
 - By failing to disclose information
 - By abuse of position

This definition does not include misappropriation or petty theft without the distortion of financial statements or other records. This document, however, is intended to cover all financial irregularities, which may affect the authority, including theft.

1.6 The Prevention of Corruption Act 1906 describes corruption as:

Accepting, agreeing to accept or attempting to obtain a gift or consideration as a reward for carrying out their work in a way that favours or disfavors some one.

2. STRATEGY

2.1 The following headings briefly summarise the approach to be adopted in order to achieve the Policy Statement as stated above. They are each dealt with in the body of this document.

2.2 Prevention

- The role and responsibilities of Members;
- The role and responsibilities of management;
- Responsibilities of employees;
- Official guidance;
- Role of internal audit;
- Role of external audit.

2.3 Deterrence

- Prosecution;
- Disciplinary Action;
- Publicity.

2.4 Detection

- Role of management;
- Role of employees;
- Role of internal audit;
- Public Interest Disclosure Act and Employee Confidential Reporting Code;
- Hotline;
- The Bribery Act 2010.

2.5 Investigation

- Role of internal audit;
- Role of benefit fraud team;
- Role of external audit.

2.6 Review

The Borough Solicitor and Monitoring Officer is responsible for carrying out a regular (at least once yearly) review of this policy.

3. PREVENTION

The Role of Members

- 3.1 As elected representatives, all Members of the Council have a duty to the citizens of Northampton, to protect the assets of the Council from all forms of abuse. This is done through the adoption of the anti-fraud and corruption Policy Statement and by compliance with the Model Code of Conduct for Members.
- 3.2 In addition, Members have a duty to provide sufficient resources to allow the Council to fulfil its obligation under the Accounts and Audit Regulations 1996, to provide an adequate and effective internal audit of the accounting records and control systems.
- 3.3 Members have a duty to record any interests associated with the dealings of the Council in a register kept by the Democratic Services Manager. Members should also comply with the paragraphs of the Model Code of Conduct which refer to gifts and hospitality.

The Role of Management.

- 3.4 The Chief Executive, Directors and Heads of Service are responsible for the accountability and control of employees and the security, custody and control of other resources under their control.
- 3.5 The Council is committed to continuing with systems and procedures that incorporate efficient and effective internal controls and which include adequate separation of duties; and to ensuring that up to date procedure notes are maintained for all financial, management and operational systems.
- 3.6 The Chief Executive and Directors are responsible for the issue of clear and precise written instructions as to how any financial elements of work and the allocation of resources must be carried out. Such instructions should comply with the Financial Regulations in the Council's Constitution and state who should (and where appropriate, who should not) carry out relevant tasks. The Chief Executive and Directors can delegate responsibilities in this area under Part 8 of the Constitution.
- 3.7 Managers should also strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities. The [Whistleblowing Policy and Procedure](#) has been introduced for situations where it is not possible to discuss any such concerns with line management.
- 3.8 Managers should ensure that adequate and appropriate training is provided for employees and that checks are carried out from time to time to ensure procedures are being followed.

- 3.9 The Council's recruitment procedure requires that references and qualifications of all proposed new employees should be thoroughly checked prior to a position being offered. Effective steps at the recruitment stage should establish the prospective employee's honesty and integrity.

The Responsibilities of Employees.

- 3.10 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 authority.
- 3.11 Employees should always be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management. Where this is not possible the [Whistleblowing Policy and Procedure](#) is designed to assist.
- 3.12 Employees are expected to abide by the [Employees' Code of Conduct](#). They are also expected to follow any Code of Conduct related to their Professional Institute and they may be required to disclose information about their personal circumstances. The [Employees' Code of Conduct](#) is available via the Council's Intranet. Staff without access to the Intranet can obtain a copy from their line manager.
- 3.13 Employees should comply with the requirements regarding hospitality as outlined in the [Employees' Code of Conduct](#) and if appropriate inform their line manager. The Democratic Services Manager also maintains various registers such as a register of Declarations of Interests by Members and registers to record Gifts and Hospitality received by Senior Managers and Members.

Official Guidance

- 3.14 In addition to Financial Regulations and Standing Orders directorates may have their own procedures to prevent and deter fraud. There may also be audit reports, which recommend methods to minimise losses to the authority. Managers and employees should be aware of these and ensure that their working practices are in accordance with official guidelines.

Role of External Audit.

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

4. DETERRENCE

Prosecution and other Sanctions

- 4.1 The purpose of any prosecution policy is to deter fraud and corruption. The Council is aware that in investigating and detecting certain matters it is necessary to prosecute the offender(s) and publicise the outcome to deter potential future fraud and corruption.
- 4.2 The authority has adopted an approach to Benefit Fraud cases through which each case, for which evidence of fraud is found, is assessed individually with prosecution being one of a range of sanctions considered. Whilst it is not always in the public interest to prosecute, the Council is conscious that prosecution and the publicity given to prosecutions can be an effective deterrent to Benefit Fraud.
- 4.3 Prosecution is not the only sanction available to the Council where evidence of fraud has been uncovered. The sanctions available to management in individual cases can range from a formal warning to referral to the Police for prosecution in the criminal courts where the most severe sanction of a custodial sentence could be applied.
- 4.4 Sanctions should be applied on the basis of individual circumstances of the case and any relevant Council procedure or policy

Disciplinary Action

- 4.5 Theft, fraud and corruption are serious offences against the authority and employees may face disciplinary action if there is evidence that they may have been involved in these activities. Disciplinary action may be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case. Referral to the Police will be authorised by the Chief Executive, Director of Finance and Support or the Borough Solicitor and Monitoring Officer as appropriate.

Publicity

- 4.6 In accordance with good governance, the Council must demonstrate openness, inclusivity, integrity and accountability in all of its dealings, so the Council may, for cases proven through the courts, publicise the names of the guilty together with the details of their crimes. The Council may optimise the publicity opportunities associated with its anti-fraud and corruption activity.
- 4.7 In appropriate cases, where financial loss to the Council has occurred, the Council will seek to recover the loss and advertise this fact. All anti-fraud and corruption activities may be publicised in order to make the employees and the public aware of the Council's commitment to taking action on fraud and corruption when it occurs.

- 4.8 This Anti-Fraud and Corruption Policy acts as one of the foundation stones to an anti-fraud culture and is publicised on the intranet and the internet as an example of best practice.

5. DETECTION

The Role of Management

- 5.1 It is vital that management at all levels is alert to potential problems in their work area and that adequate and effective safeguards are in place to prevent fraud or corruption. However, managers should also satisfy themselves that checks are in place at the appropriate levels, so that in the event of a breach, any irregularity would be picked up promptly, so minimising any loss to the authority.

The Role of Employees

- 5.2 Employees play an important role in detecting theft, fraud and corruption. They may have suspicions about colleagues they work with or those in different sections whose work they deal with, contractors working for the authority and/or partners the Council is working with. All employees are encouraged to discuss their concerns with line management.

Whistleblowing

(The Public Interest Disclosure Act 1998 and The Confidential Reporting Code)

- 5.3 The Public Interest Disclosure Act offers protection to employees who “blow the whistle” externally. The legislation stipulates that to qualify for this protection, in most cases, the employee will need to have reported their suspicions internally first. To enable employees to do this, the Council has adopted a Whistleblowing Policy and Procedure, which details how, and to whom; employees should raise their concerns.

Hotline

- 5.4 The Council has introduced a Whistleblowing hotline 07900 052789 to enable members of the public or staff to report any suspicions of fraud or corruption to the Borough Solicitor and Monitoring Officer.

The Bribery Act 2010

- 5.5 The UK Bribery Act 2010 will be introduced during 2011. Under the Act, bribery occurs when a person, “requests, agrees to receive or accepts” an advantage in some form in return for improper performance or permitting improper performance of a “function or activity” which is either public in nature or done in the course of business.

- 5.6 Prevention and detection of bribery will be managed under this Policy following introduction of the Act.
- 5.7 The Council will regularly review its tendering and contracting (procurement) arrangements with third parties to ensure that these contain anti-corruption provisions which adequately address the consequences of bribery, including the right to immediately terminate contracts with contractors found guilty of a bribery offence.

6. INVESTIGATIONS

The Role of Internal Audit

- 6.1 Internal Audit may be tasked to investigate and report on any suspicion of financial fraud or corruption.

The Role of the Fraud Team

- 6.2 The Fraud Team will investigate allegations of fraud. Decisions to investigate, apply sanctions or prosecute will be made in line with Council guidelines.

Data Matching

- 6.3 The authority participates in many anti-fraud and corruption strategies, one of which is the Audit Commission's data matching initiative. This is a proactive exercise to match information held by the Council and Central Government to identify any potential discrepancy or fraudulent action, for example pension records compared to Council tax benefit and payroll details matched to housing benefit records will highlight where a person claiming a Single Persons Discount on their Council Tax is in fact not the sole occupier of an address.

The Role of External Audit

- 6.4 External Audit also has powers to investigate fraud and corruption.

The Role of the Borough Solicitor and Monitoring Officer

- 6.5 The Borough Solicitor and Monitoring Officer will investigate any allegation of fraud or corruption made against a Member of the Council and coordinates the investigation of any allegations of fraud or corruption made through the Whistleblowing Hot Line.

Working in Partnership with other organisations

- 6.6 Where appropriate, the Council will work in partnership with other organisations to combat fraud and corruption.

7. CONCLUSION

This document sets out the Council's commitment to preventing and detecting fraud. In line with other Council policies it should be reviewed and updated.

8. LEGISLATION & POLICIES

In the preparation of this Policy and Strategy and in carrying out investigations, due regard, where appropriate, has been, and will be given, to the following legislation:

The Council's policies on Equal Opportunities

The Council's Disciplinary Code

Police and Criminal Evidence Act 1984

Data Protection Act 1998

Criminal Procedure and Investigations Act 1996

Human Rights Act 1998

Public Interest Disclosures Act 1998

Freedom of Information Act 2000

Regulation of Investigatory Powers Act 2000

Terrorism Act 2000

Proceeds of Crime Act 2002

Fraud Act 2006

Money Laundering Regulations 2007

Bribery Act 2010

N.B. The above list of legislation is NOT intended to be exhaustive