

Anti-Fraud and Corruption Policy

INTRODUCTION

Basingstoke & Deane Borough Council has a duty to protect the public funds under its control against fraud and corruption both from within the Council and from external sources. This Anti-Fraud and Corruption Policy is part of the council's commitment to protect public funds.

Fraud is defined as:

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.

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.

Corruption is defined as:

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

This policy:

- Encourages prevention
- Helps detection
- Sets down a clear process for investigation and remedial action

The Council expects Members and staff at all levels to lead by example in the achievement of probity and accountability by ensuring adherence to legal requirements, regulations, rules, procedures, policies and practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors and partners) with whom it comes into contact, will act with integrity and without intent or actions to commit fraud or corruption against the Council.

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The Policy sets out the Council's commitment to tackling fraud and corruption. This makes it clearly apparent to all concerned that appropriate and decisive action will be taken against those committing or attempting to commit, fraudulent or corrupt acts against the authority.

This policy is based on a series of comprehensive and inter-related procedures designed to frustrate any fraudulent or corrupt act. These cover:

- Council Policy Statement
- Reporting of concerns
- Prevention
- Detection and investigation
- Training

They are explained further in the sections that follow.

The Council is also aware of the high degree of external scrutiny of its affairs by a variety of people and organisations including:

- Local Government Ombudsman
- External auditor
- Central government departments
- H.M. Revenues & Customs
- The public/council taxpayers via the annual inspection of accounts and the Council's complaints procedure
- Department of Works & Pensions
- Audit Commission

As part of the external auditor's statutory duties he is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

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COUNCIL POLICY STATEMENT

Basingstoke & Deane Borough Council is committed to sound corporate governance and supports the Nolan Committee's *'Seven Principles of Public Life'* for the conduct of Council Members and employees, namely:

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Basingstoke & Deane is determined that the culture and tone of the organisation is one of openness, honesty and opposition to fraud and corruption.

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There is an expectation and requirement that all individuals and organisations associated in whatever capacity with the Council will act with integrity and that Council Members and employees, at all levels, will lead by example in these matters.

The Council's employees and elected Members are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns which they may have on those issues where they are associated with the Council's activity. They can do this in the knowledge that such concerns will be treated in confidence, appropriately investigated and fairly dealt with.

REPORTING OF CONCERNS

Any concerns of suspected fraud or any other illegal act perpetrated by an employee, individual or collection of individuals against the Council, should generally be reported to their line Manager, who will inform the Head of Governance and Customer Support.

If employees are unsure as to whether a particular practice is unacceptable to the Council, they are encouraged to ask management before - not after - the event.

If employees become aware that there may be a problem they should:

- Make an immediate written note of any concerns, the details of any conversations heard, or documents seen and note the date, time and names of people involved.
- Pass any documents that come into their possession immediately to Corporate Governance.
- Act promptly – delays may result in further financial loss or the loss of evidence.
- Not ignore the concerns or be afraid of raising them. They will suffer no recrimination from the employer as a result of voicing a reasonably held suspicion.
- Not approach individuals themselves or convey any suspicions to other staff, except those authorised to deal with the matter.
- Not try to investigate the matter themselves.

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The Council also has a whistleblowing policy in order that staff can raise concerns in strict confidence without fear of reprisals. The Whistleblowing policy can be found in the Staff Handbook and on SINBAD.

The following table gives a general indication of whom such issues should be reported to although the gravity and nature of the issue may influence who you decide is the most appropriate person to notify. In all cases, issues can be reported to the council's Corporate Directors.

Issue	Report to	Investigation by
Housing Benefit Claimant Fraud	Corporate Governance Manager, Senior Investigation Officer	Anti-Fraud Team
Allegations against a Members conduct	Head of Governance and Customer Support (as the Council's Monitoring Officer) who will present it to the Assessment sub-committee of the Standards Committee	Corporate Governance
Staff Code of Conduct	Head of Governance and Customer Support, Human Resources Manager, Corporate Governance Manager	Internal Audit team, Human Resources
Financial irregularity, misuse of Assets	Line Manager, Head of Governance and Customer Support, Corporate Governance Manager	Internal Audit team
Internal Control (e.g. email & internet policy, declaration of staff interests)	Line Manager, Head of Governance and Customer Support, Corporate Governance Manager, Senior Auditor	Internal Audit team
Contravention or likely contravention of any	Head of Governance and Customer Support, Head of Legal & Democratic Services	Head of Head of Governance and Customer Support, Head of Legal &

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Issue	Report to	Investigation by
enactment or rule of law as required under s.5 – Local Government & Housing Act 1989		Democratic Services

PREVENTION

The following table indicates the overall preventative arrangements:

	Measure	Purpose	Review/Responsibility	Availability
1	Internal Audit	An independent appraisal function working within the council for it's review of Internal Control procedures	n/a	n/a
2	Standing Orders	Details the regulation of the meetings, procedures and business of the Council and it's committees	Head of Legal & Democratic Services – as required	Sinbad & BDBC website
3	Financial Regulations	Details the regulation of the financial procedures to be followed by all employees in the course of the council's business	Head of Finance, Local Tax and ICT- annually	Sinbad
4	Anti Money Laundering Policy	Details the procedures to prevent the use of Council	Head of Governance and Customer Support – annually	Sinbad
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	Measure	Purpose	Review/Responsibility	Availability
		services for money laundering		
5	Contract Standing Orders & Procedures	Details the procedures to be followed in tendering, awarding and supervision of contracts	Head of Finance, Local Tax and ICT - annually	Sinbad Contract Standing Orders part of the constitution on BDBC website
6	Code of Conduct for Members	Details the standards expected of Members in the course of the council business	Head of Governance and Customer Support (as the Council's Monitoring Officer)	BDBC website
7	Code of Conduct for Employees	Details the standards expected of employees in the course of the council business	Human Resources Manager – as required	Sinbad
8	Whistleblowing Policy	Details how employees of the Council and it's contractors may raise concerns about the Council's functions	Head of Governance and Customer Support - annually	Sinbad
9	Members Register of Interests	Details the interests of members as required to be declared as part of the Model Code of Conduct	Head of Governance and Customer Support (as the Council's Monitoring Officer)	File kept by the Head of Governance and Customer Support – available on request during office
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	Measure	Purpose	Review/Responsibility	Availability
				hours
10	Employees register of interests	Details interests of employees where these may conflict with their duties at the council	Heads of Service	Only available to employees line manager & their Head of Service
11	Members gift & hospitality register	Details benefits received by Members as declarable as part of the Model Code of Conduct	Head of Governance and Customer Support (as the Council's Monitoring Officer)	File kept by the Head of Governance and Customer Support – available on request during office hours
12	Employees gift & hospitality register	Details benefits received by employees as declarable in the Staff Handbook	Chief Executive	Not available to members of the public

Specific Arrangements

Staff Policies

The Council is obliged to maintain and is entitled to expect high standards of conduct among its employees to ensure that public confidence in their integrity and impartiality is not undermined.

The public is entitled to demand conduct of the highest standard and that staff work honestly and without bias in order to achieve the Council's objectives.

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 propriety and integrity of potential staff. In this regard temporary and contract staff are treated in the same manner as permanent staff.

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Heads of Service should ensure that procedures laid down by the Authority in Policies and Procedures are followed and in particular, written references are obtained before employment offers are confirmed.

Employees of the Council are expected to comply with the Council's Code of Conduct (contained in the staff handbook and available on Sinbad), which includes regulations regarding the registration of interests, gifts and hospitality, and where appropriate, the ethics and standards associated with the professional body to which they may belong.

Employees are reminded that they must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the Council, or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.

Members Responsibilities

Members are expected to operate honestly and without bias. Their conduct is governed by:

- The Relevant Authorities (General Principles) Order 2001
- Local Code of Conduct for Members
- Local Authorities (Model Code of Conduct) Order 2007
- Council Constitution

These matters are specifically brought to the attention of Members at the Induction Course for New Members and are in the Councillors Survival Guide (on SINBAD). They include rules on the declaration and registration of potential areas of conflict between Members' Council duties and responsibilities, and any other areas of their personal, or professional lives. Members agree to abide by the Local Code of Conduct for members when they sign their declaration of acceptance of office.

The Council has established a Standards Committee comprising four Borough Councillors, four persons who are not councillors or officers of the council or any other body having a standards committee (the independent lay members) and four members of parish/town councils wholly or mainly in the Council's area (the Parish/Town Members).

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The role and function of the Standards Committee are:

- promoting and maintaining high standards of conduct by councillors and co-opted members;
- assisting the councillors and co-opted members to observe the Members' Code of Conduct;
- advising the Council on the adoption or revision of the Members' Code of Conduct;
- monitoring the operation of the Members' Code of Conduct;
- advising, training or arranging to train councillors and co-opted members on matters relating to the Members' Code of Conduct;
- granting dispensations to councillors and co-opted members from requirements relating to interests set out in the Members' Code of Conduct;
- dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter which is referred by an ethical standards officer to the Monitoring Officer.

Internal Control Systems

The Council has Standing Orders and Financial Regulations, which place an obligation on employees, when dealing with the Council's affairs, to act in accordance with best practice.

The internal control system comprises the whole network of financial, operational and managerial systems established within the Council to ensure that its objectives are achieved and in the most economic and efficient manner.

It is the responsibility of the Chief Executive, Corporate Directors, Heads of Service and managers to maintain good control systems and ensure that all staff comply with these systems. Managers are expected to ensure that all employees have access to the Council's rules and regulations and to ensure that they receive suitable training. If anyone breaks these rules and regulations, the Council will take formal action against them through the Council's disciplinary procedure.

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The Head of Finance, Local Tax and ICT (as the Council's Section 151 Officer) has a responsibility under Section 151 of the Local Government Act 1972, to ensure proper arrangements are made for the Council's financial affairs. In addition, under the Accounts and Audit Regulations 2003, the Council is required to maintain an adequate and effective internal audit of its financial records and systems of internal control.

Both the Council's internal and external auditors independently monitor the existence, appropriateness and effectiveness of the various internal controls and procedures, and reports are made to management recommending corrective action where weaknesses are identified in order to maintain strong systems of internal control. Improvements suggested by internal audit may include those to prevent, detect or deter fraud and corruption.

The Chief Executive and the Leader of the Council sign an Annual Governance Statement that describes the system of internal control in operation and an action plan to remedy any weaknesses identified by Internal Audit. The annual Governance Statement is published as part of the Council's Statement of Accounts and is available on the Council website.

Liaison

There are a variety of arrangements in place, which facilitate the regular exchange of information between the Council and other agencies on a national and local basis, for the purpose of preventing and detecting fraud and corruption activity.

The Council acknowledges that in order to prevent fraudsters using multiple identities and addresses, it cannot afford to work in isolation and must liaise with other organisations. To this end the Council has fostered a number of external contacts which include:

- Audit Commission
- External Auditors
- Department of Works & Pensions
- The Police
- HM Revenues & Customs
- Hampshire Audit Alliance (including Fraud sub-group)

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This list is not exhaustive.

All liaisons are subject to adherence to Data Protection Legislation and regard to the confidentiality of information.

DETECTION AND INVESTIGATION

The range of preventative systems, particularly internal control systems within the Council, help to provide indicators of, and help to deter, any fraudulent activity.

It is the responsibility of Heads of Service and their managers to prevent and detect fraud and corruption. However, it is often the alertness of staff, members and the public to the possibility of fraud and corruption that enables detection to occur and appropriate action to be taken.

Managers are responsible for following up any allegations of fraud or corruption received by contacting the Head of Governance and Customer Support, who will liaise as appropriate with the Section 151 Officer, Chief Executive and the Human Resources Manager. All allegations of fraudulent activity are reviewed and subject to a risk assessment. Some are followed up with full investigation; others are better dealt with as management issues.

The Council has a fraud response plan to ensure a consistent approach is applied to any investigation following the discovery or notification of an actual or suspicion of fraud or irregularity. This includes the process to be followed in deciding whether or not to refer the case to the police.

It is important that any individual named or implied in an allegation will not have any part in co-ordinating any investigation.

The Head of Governance and Customer Support will:

- deal promptly with the matter
- record all evidence received
- ensure that all evidence is sound and adequately supported
- ensure security of all evidence collected
- involve the Business Unit concerned
- contact other agencies such as Police, where appropriate

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- notify the Council's Insurance Officer
- assist management to implement the Council's disciplinary procedures where appropriate

The procedures and reporting lines are an integral part of the Council's anti-fraud & corruption policy which ensures:

- consistent treatment of information about fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the proper implementation of a fraud investigation plan;
- restitution or compensation;
- the optimum protection of the Council's interests.

Heads of Service have a responsibility to ensure that all suspected financial irregularities are reported to the Head of Governance and Customer Support and to instigate the Council's disciplinary procedures, where the outcome of an audit investigation indicates improper behaviour.

Where financial impropriety is discovered, referral to the police is a matter for the Head of Finance, Local Tax and ICT (the Section 151 Officer), in consultation with the Head of Governance and Customer Support.

In deciding whether to recommend referral the following factors are taken into account:

- the amount of the loss and duration of the offence;
- the perpetrators physical and mental condition;
- voluntary disclosure and arrangement for restitution;
- how strong the evidence is.

The Council's Disciplinary Procedures will be used as appropriate irrespective of police involvement or not.

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The External Auditor also has powers to independently investigate fraud and corruption and the Council can make use of these services.

The Council has a Whistleblowing Policy, which allows the following people to report concerns:

- all Council employees (temporary, permanent, part time and full time)
- agency staff or consultants undertaking Council work
- contractors working for the Council on Council premises
- suppliers and those providing services under contract with the Council in their own premises

The policy makes it clear that they can raise concerns in strict confidence without fear of reprisals. Everything possible will be done to protect their confidentiality and they will be advised of the action that has been taken by the person to whom they reported their concerns.

There is a need, however, to ensure that any investigation process is not mis-used. Any abuse, such as raising unfounded malicious allegations will be dealt with as a disciplinary matter. Details of the Whistleblowing Policy can be found in the Staff Handbook and on SINBAD.

When fraud and corruption has occurred due to breakdown in the Council's systems or procedures, Heads of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

The detection and investigation of Benefit fraud is carried out by the Anti-Fraud team in Corporate Governance. The team investigate referrals from a variety of sources including:

- Housing Benefit Matching Service & National Fraud Initiative
- Housing Benefit assessment officers
- Housing Associations
- Department of Works and Pensions

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- Anti-Fraud Hotline

Proven cases of benefit fraud are dealt with as follows:

The Council will prosecute any person who:

- Commits a criminal offence against systems administered by the authority
- Assaults or threatens any member, officer or employee of the authority

whenever there is sufficient evidence if, in the opinion of the officers of the Council, it is in the public interest to do so.

When deciding it is in the public interest all officers of the Council will be guided by the “Code for Crown Prosecutors”. Whenever it is appropriate the Council will consider offering other sanctions as an alternative to prosecution. The decision to offer (or not to offer) an alternative sanction is a matter for the authority alone.

This authority will consider each case on its merits before deciding whether or not to prosecute.

The following alternative sanctions to prosecution are available to the Council:

Cautions

We will consider a caution where:

- the person made a voluntary disclosure of the offence before the Authority had any suspicions: or
- the person is a juvenile or is elderly: or
- the offence is relatively small and any court sentence would be minor:

In addition we would only proceed to a caution if:

- the person has admitted the offence
- there were no other factors affecting the prosecution of the case should the caution be declined

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- the person’s history of previous convictions has been taken into account and the case is suitable for a caution.

Administrative Penalties

We may consider the offer of an Administrative penalty where:

- The case does not involve factors that make prosecution the only realistic option (such as collusion, abuse of position, deliberate commission) and
- any loss to public funds is not extreme; and
- the person has no unspent previous convictions, cautions or administrative penalties.

TRAINING

The Council recognises that the continuing success of its Anti-Fraud and Corruption Policy, and its general credibility, will depend largely on the effectiveness of programmed training, communication of the policy throughout the Council and the responsiveness of employees throughout the organisation. The Policy will be shown on the Council’s web pages and be available on Sinbad.

To facilitate this, the Council supports the concept of training for all members and, particularly, for employees involved in the operation of internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The training plans of the Council's internal audit staff also reflect the requirement for regular and effective training.

It is the responsibility of Heads of Service to communicate the Anti-Fraud and Corruption Policy to their staff and to promote a greater awareness of fraud within their Business Unit.

SUMMARY

The Council has a clear commitment to minimising the possibility of corruption and theft or other misuse of public money and assets. It pledges to take all action necessary to identify fraud and corruption, and pursue the recovery of losses and the punishment of those responsible. The response will be organised, effective and will be based on the principles included in this document.

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The Council's employees and Members are expected to have the highest standards of conduct and to be vigilant in combating fraud and corruption in all its guises.

The Council has implemented a clear network of systems and procedures to assist in the fight against fraud and corruption. These arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

The Council shall continue to review its rules and procedures to ensure that this anti-fraud and corruption strategy is regularly examined to maintain its effectiveness and compliance with legislation.

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