

**CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY**

**DRAFT**

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**1. INTRODUCTION**

1.1 Fraud against Local Government nationally is estimated to cost £2.1 billion per year. This is a significant loss to the public purse. To reduce these losses Barnsley Metropolitan Borough Council (the Council) is committed to:

- The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets;
- The prevention of fraud and the promotion of an anti-fraud culture;
- A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all suspicions of fraud;
- The investigation of all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions;
- The Fighting Fraud and Corruption Locally Strategy 2016-2019. This national counter fraud and corruption strategy for local government provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities including:
  - Acknowledging the threat of fraud and the opportunities for savings that exist.
  - Preventing and detecting all forms of fraud.
  - Pursuing appropriate sanctions and recovery of any losses.

**2. DEFINITION OF FRAUD**

2.1 The Fraud Act 2006 came into force on 15<sup>th</sup> January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways:

- Fraud by false representation;
- Fraud by failing to disclose information;
- Fraud by abuse of position

2.2 Fraud by false representation: - Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.

2.3 Fraud by failing to disclose information:- Examples include failing to disclose a financial interest in a company BMBC is trading with, or failing to disclose a personal relationship with someone who is applying for a job at the council.

2.4 Fraud by abuse of position:- Examples include a carer who steals money from the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.

2.5 The Council defines fraud as "any 'irregularity or illegal act characterised by intentional deception with the intent to make a personal gain or to cause a loss, or to expose another to a risk of loss'".

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- 2.6 While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that isn't true.

**3. STANDARDS**

- 3.1 The Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following from all employees, agency workers, volunteers, suppliers and those providing services under a contract with BMBC.

- 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 families, 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 – Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- 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. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.
- 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 exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

**4. CORPORATE FRAMEWORK AND CULTURE**

- 4.1 The Council's endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported or identified will be dealt with in a professional and timely manner using all the sanctions available. Through the creation and enhancement of a strong Anti-Fraud Culture the Council aims to deter potential perpetrators from targeting its finances, assets and services.

- 4.2 In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These have been formulated in line with appropriate legislative requirements and professional best practice, and include:

- An Anti-Fraud and Corruption Policy;
- Anti-Bribery Policy;
- Anti-Money Laundering Policy;
- Whistleblowing Policy and Procedure;

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- Disciplinary Policy and Procedures;
  - Fraud Response Plan;
  - Financial Regulations and Standing Orders;
  - Code of Member Conduct;
  - Employee Code of Conduct;
  - Declaration of interest and gifts and hospitality procedures for Members and Officers;
  - An established Audit Committee;
  - An online Fraud Awareness training tool available for staff through BOLD;
  - Relevant documents, including invoices over £500, being made available to the public, partners, staff and members;
  - Participation in the Audit Commission's National Fraud Initiative and membership to the National Anti-Fraud Network.
- 4.3 The expectation is that elected Members and employees of all levels will adopt the highest standards of propriety and accountability and demonstrate that the Council is acting in a transparent and honest manner. Consequently, any Member / co-opted Member of the Council who commits a fraudulent act against the Council or is involved with bribery in the performance of their duties will be subjected to the Council's procedures for dealing with complaints of misconduct against Members operated via the Council's Monitoring Officer / Standards Committee and may be reported to the Police.
- 4.4 Any Council employee committing a fraudulent act against the Authority or found to be involved with bribery in the performance of their duties will be subjected to the Council's disciplinary procedures and may be reported to the Police (whether or not the act is outside of their direct employee role). For instance benefit fraud, the misuse of a blue badge, submitting a false insurance claim against the Council, Council Tax evasion, Council Tax Support fraud or falsely claiming single person's discount are all offences against the Council that can be committed by employees outside of their direct role and which are likely to be subject to investigation under the Council's Disciplinary Procedure. Whilst the internal action in relation to both Members and employees will be entirely separate to any criminal sanction and the intrinsic link to the employment relationship can be considered by the Council.
- 4.5 When fraud and / or bribery has occurred due to lack of internal control or an identified breakdown in controls, the relevant Executive Director will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of recurrence. Where investigations are undertaken by CAFT, an audit report will be produced on any control weaknesses and follow up action undertaken as appropriate to ensure the implementation of improvements.

## 5. ROLES AND RESPONSIBILITIES

### The Role of Elected Members

- 5.1 As elected representatives, all Members of the Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.
- 5.2 This is achieved through Members operating within the Constitution which includes the Code of Member Conduct and Financial Regulations.

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#### The Role of Employees

- 5.3 The Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit.
- 5.4 Employees are expected to comply with the Employee Code of Conduct and the Council's policies and procedures.
- 5.5 Employees are responsible for complying with the Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
- 5.6 Employees should follow instructions given to them by management. They are under a duty to properly account for and safeguard the money and assets under their control/charge.
- 5.7 Employees are required to provide a written declaration of any financial and nonfinancial interests or commitments, which may conflict with BMBC's interests. Section 117 of the Local Government Act 1972 requires any officer with an interest in a contract which has been, or proposed to be, entered into by the Council to declare that interest. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 5.8 Failure to disclose an interest or the acceptance of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality.
- 5.9 Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this strategy.
- 5.10 Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

#### The Public and external organisations

- 5.11 Members of the public receive financial assistance and benefits from the Council through a variety of services. These include Council Tenancies, Temporary Accommodation, Renovation and other housing related grants, Housing and Council Tax Support, Council Tax discounts, Right to Buy discounts, Direct care payments and Parking concessions. At some time or another these areas have been subject to attack by those intent on committing fraud which means that there is less money and resources available for those in genuine need.
- 5.12 The same principles of investigations will apply across all areas where fraud and corruption is alleged.
- 5.13 All applications for financial or other assistance will be verified to the highest standard, and all data available to the Council will be used to corroborate information provided by applicants for the purposes of preventing and detecting fraud. All staff involved in assessing applications for assistance and/or verifying identification documentation

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submitted in support of applications will be provided with ongoing fraud awareness training through an e-learning package hosted by Learning Pool.

- 5.14 Information exchange will be conducted where allegations are received within the framework of the Data Protection Act 1998 for the purposes of preventing and detecting crime or under statutory legislation where it exists.
- 5.15 We will apply appropriate sanctions in all cases where it is felt that fraud or attempted fraud has been perpetrated against the authority. These will range from official warnings to Crown Court prosecution. We will also seek to recover any monies obtained fraudulently, including freezing assets, utilising the Proceeds of Crime Act 2002, confiscation orders, civil recovery and general debt recovery.
- 5.16 We will use the Council's Legal Services Department and the Crown Prosecution Service to bring offenders to justice. Prosecutions will not be limited to Council Tax Reduction Scheme cases but will include any area within the Council where there is evidence to indicate a fraud related offence has been committed and the case meets the standards required in the Corporate Prosecutions Policy and The Code for Crown Prosecutors.
- 5.17 As a deterrent, we will publicise our successful sanctions through the Council's Communications Team and in the local and national media where the law allows us to do so and periodically run targeted anti-fraud campaigns within the borough to raise fraud awareness.

#### Barnsley Metropolitan Borough Council's Commitment

- 5.18 Fraud and corruption are serious offences and employees and Members will face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected consideration will be given to pursuing criminal sanctions which may involve referring the matter to the police.
- 5.19 In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss.
- 5.20 In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate.

## 6. PREVENTION

#### Responsibilities of management

- 6.1 The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate internal controls in place, that they are operating as expected and being complied with. They must ensure that adequate levels of internal checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

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Corporate Anti-Fraud Team and Internal Audit

- 6.2 The CAFT and IA provide the Council's Anti-Fraud function. IA will ensure that an effective audit is undertaken of the Council systems and processes. CAFT will utilise all methods to detect, prevent, investigate and pursue fraud. This includes data-matching, data mining, open source research, surveillance and intelligence led investigations. The two branches of the operation will work to assist management to implement appropriate controls and provide solutions to control failures.
- 6.3 CAFT and IA are empowered to:
- Enter any Council premises or land;
  - Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
  - Require and receive information or explanation of council employees as are regarded necessary concerning any matter under examination;
  - Require any employee of the Council to account for cash, stores or any other Council property under their control or possession.
- 6.4 The Council actively encourages employees to whistleblow on colleagues who are suspected of committing fraud. The Whistleblowing Policy provides further details on how employees can utilise the protection offered by the Public Interest Disclosure Act 1998. All employees, the public and members are encouraged to contact the CAFT or IA with any suspicion of fraud, corruption, financial malpractice or the abuse of official position.
- 6.5 CAFT is responsible for assessing the authority's counter fraud arrangements and performance against professional guidance and findings of internal reviews and investigations.
- 6.6 The CAFT is authorised to investigate allegations of fraud and corruption under Section 222 of the Local Government Act 1972.

Working with others and sharing information

- 6.7 The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including the Cabinet Office, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

National Fraud Initiative

- 6.8 The Council participates in the National Fraud Initiative (NFI). The Serious Crime Act 2007 gave the Audit Commission new statutory powers to conduct data matching exercises by inserting a new Part 2A into the Audit Commission Act 1998. The Authority provides data from its computer systems, which is matched with that of other authorities and agencies, to identify possible fraud. Details of matches are returned to the Authority where further internal investigations are undertaken to identify and pursue cases of fraud and irregularity. CAFT act as key contact for the authority in co-ordinating this exercise and ensuring that data subjects are informed in a timely manner when the exercise is

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undertaken as per best practice guidance from the Audit Commission and Information Commissioner.

- 6.9 Responsibility for the NFI exercise transferred to the Cabinet Office on 1<sup>st</sup> April 2015 following the closure of the Audit Commission. The data matching exercise is now completed in accordance with Part 6 of the Local Audit and Accountability Act 2014.

#### Training and awareness

- 6.10 The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.
- 6.11 Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
- 6.12 Internal Audit will provide fraud awareness training on request and will publish its successes to raise awareness.

### 7. DETECTION AND INVESTIGATION

- 7.1 The Council is committed to the investigation of all instances of actual, attempted and suspected fraud committed by staff, Members, consultants, suppliers and other third parties and the recovery of funds and assets lost through fraud.
- 7.2 Any suspected fraud, corruption or other irregularity should be reported to the Head of Internal Audit. The Head of Internal Audit will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.
- 7.3 Action could include:
- Investigation carried out by the CAFT;
  - Joint investigation with Internal Audit, CAFT and relevant directorate management;
  - Directorate staff carry out investigation and CAFT provide advice and guidance;
  - Referral to the Police.
- 7.4 The responsibility for investigating potential fraud, corruption and other financial irregularities within BMBC lies mainly (although not exclusively) with the CAFT. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

### 8. RAISING CONCERNS AND THE WHISTLEBLOWING POLICY

#### Suspensions of fraud or financial irregularity

- 8.1 All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Head of Paid Service or the Monitoring Officer.

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- 8.2 If a member of the public suspects fraud or corruption they should contact the Corporate Anti-Fraud Team in the first instance. They may also contact the Council's External Auditor, who may be contacted in confidence.
- 8.3 The Council's Corporate Anti-Fraud Team can be contacted by telephone on 0800 1382940 or by mail to [corporatefraudinvestigations@barnsley.gov.uk](mailto:corporatefraudinvestigations@barnsley.gov.uk)

#### Whistleblowing Policy

- 8.4 Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Policy and associated procedures.
- 8.5 The Council's Whistleblowing Policy encourages individuals to raise serious concerns internally within the Council, without fear of reprisal or victimisation, rather than overlooking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
- 8.6 Employees wishing to raise concerns can obtain a copy of the Whistleblowing policy and procedure on the Corporate Intranet