

Anti-Fraud and Corruption Policy

Chris Corker
Operational Benefit & Corporate Fraud Manager



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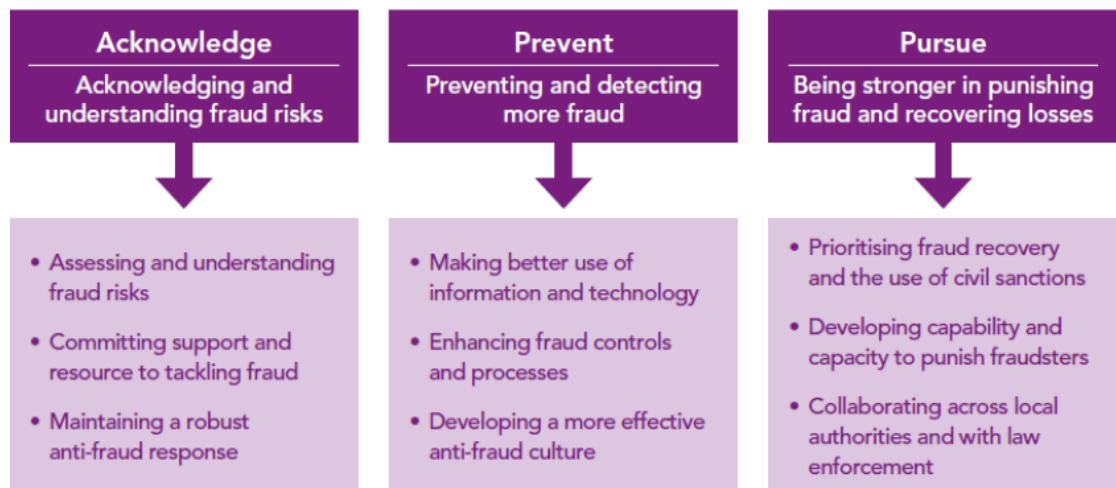
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SECTION 1 – ANTI-FRAUD AND CORRUPTION

Introduction

1. This document sets out the Council’s policy to fraud and corruption.
2. The Council takes its responsibilities to protect the public purse very seriously and is committed to the highest standards of openness and accountability in order to ensure the proper use and protection of public funds and assets.
3. To fulfil the Council’s corporate strategy we need to maximise financial resources available to us. In order to do this we must reduce fraud and misappropriation to a minimum.
4. The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and/or prosecution.
5. Our policy is based upon three key themes: Acknowledge, Prevent and Pursue, and adhere to the Local Government Fraud Strategy: Fighting Fraud Locally.



6. This Anti-Fraud and Corruption Policy builds on the content of a number of corporate policies including;
 - Code of Conduct for Members

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- Officers code of Conduct
- Whistleblowing Policy
- Financial Procedure Rules
- Procurement Code
- Money Laundering Policy

What is Fraud?

7. The Fraud Act 2006 details the legal definitions of fraud and is used for the criminal prosecution of fraud matters. The Council also deals with fraud in non-criminal disciplinary matters.
8. For the purpose of this document fraud is defined as; the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the borough or the wider national community.
9. The definition covers various offences including; deception, forgery, theft, misappropriation, collusion and misrepresentation. Use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution, by the Council, of any offences.

What is Corruption?

10. Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, events tickets and meals.
11. The Bribery Act 2010 introduced a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery at home and abroad.

What is theft?

12. Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e client funds), including cash, equipment and data.
13. Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or members whilst on Council property.

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Corporate Responsibilities

14. The Council's enforcement of this policy 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 sanctions available. Through the creation of a strong Anti-Fraud culture the Council aims to deter potential perpetrators from targeting its finances and services.
15. There are a number of facets that exist to protect the Council against fraud these include;
- The Constitution, Financial Regulations and Scheme of Delegation
 - An established Audit Committee
 - Head of Corporate Finance with statutory responsibility for the oversight of all financial affairs.
 - Head of Governance People & Performance with the responsibility for monitoring the legality of the Council's affairs.
 - Declaration of interest and gifts and hospitality procedures for Members and Officers
 - Periodic checks by Internal Audit (Southern Internal Audit Partnership - SIAP)
 - Periodic checks by External Audit
 - Whistleblowing procedure
 - A Complaints Procedure available to the public
 - Relevant documents, including invoices over £500 being made available to the public.
 - A CBC enforcement forum attended by relevant investigation and enforcement officers.
 - Participation in the Cabinet Office National Fraud Initiative and membership to the National Anti-Fraud Network.

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16. The Council takes a holistic approach to anti-fraud measures which extend to the investigations of allegations and the prevention of fraud through system reviews carried out by internal audit (SIAP).
17. The Corporate Anti-Fraud Service employs a multi-disciplinary approach which includes pro-active work. In addition the team are free to work with other agencies in pursuance of the Council's anti-fraud aims.
18. We aim to reduce fraud based on prevention, detection, sanction and deterrence which underpins an overarching anti-fraud culture.
19. Fraud is not acceptable and will not be tolerated.
20. We will seek to promote an anti-fraud culture across Crawley Borough Council. We will also seek to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore we will seek to deter fraudsters through specific publicity and general campaigns.

Prevention

21. The Council recognises that fraud and corruption are costly, both in terms of financial losses and reputational risk. The prevention of fraud is therefore a key objective of the authority and fundamental roles and responsibilities are outlined below.

Councillors' Responsibilities

22. The Council expects its Councillors to lead by example at all times and to maintain the highest probity and accountability in their dealings with the Council.
23. Councillors are required to declare any potential conflicts of interest which could be deemed to impact on the way they perform their roles for the Council. Councillors are also required to register any gifts or hospitality offered or received with an estimated value of £50.

Management Responsibilities

24. Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud,

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therefore, rests with Managers. Managers need to assess the types of risks and scope for potential internal and external fraud associated with the operations in their area. Internal Audit (SIAP) undertake independent assessments of the key risks associated control within systems across the Council.

25. Managers should ensure that all staff receive training in 'Fraud Awareness'. The level and extent of this will depend on the work the individual employees carry out.
26. Managers are required to report all instances of suspected, reported or detected fraud to Operational Benefits & Corporate Fraud Manager who will offer advice on the best approach to each incident. This insures that there is a consistent and co-ordinated professional approach to all investigations and that associated procedures are fully complaint with legislation.

Employee Responsibilities

27. Staff are a very important element in the Council's efforts to combat fraud and corruption.
28. Crawley Borough Council 'Employee Handbook' requires employees to report suspected fraud and corruption with a senior manager.
29. The Council's Procurement Code reminds employees that the Council regards any corrupt practices as completely incompatible with its public service role.
30. The Council's policy on Anti Money Laundering arising from the Proceeds of Crime Act 2002 also places an employee under a duty to report matters. Where an employee is aware of or suspects through the course of their duties that money laundering is occurring and fails to report this they could be deemed to be personally liable under the legislation with a maximum term of 5 years imprisonment and unlimited fines. As well as covering large sums of money such as the 'Right to buy schemes' and contactors work on Council properties it can also include smaller sums and activities such as Council Tax Support.
31. Through its Whistleblowing policy the council provides employees and councillors with the means to report instances of suspected fraud, corruption and breaches of the Councils policies.

Contractors Responsibilities

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32. The Council expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Council, its service users and residents. The Council requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. Contractors or their employees should report all concerns to the Council's client side staff who will in turn report the matter to the appropriate line manager.

Internal Audit (Southern Internal Audit Partnership - SIAP) Responsibilities

33. As part of the Council's system of internal control Internal Audit (SIAP) are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agree plan of audits to test the controls are in place.

General Public Responsibilities

34. The Council's expectation is that residents, service users and other members of the public will not tolerate abuse of the Council's assets or services. They are therefore encourages to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Council.

35. The public are made aware of reporting fraud to the Council via email or online forms.

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SECTION 2 – SANCTION POLICY

Introduction

1. The use of sanctions will be governed by the following policy and the principles of the policy shall apply equally to any fraud against the Authority or against funds for which the Authority has responsibility.
2. The objectives of this policy are:
 - To ensure sanctions are imposed in a just and consistent manner
 - That they are applied in an effective and cost efficient manner
 - The sanction decision making policy is stringent, robust and transparent.
3. The sanction decision will have regard at all times the Council’s Anti-Fraud policy objectives, the individual circumstances of each person concerned and the overall impact of the punishment to both the individual and the community.
4. A range of sanctions are available to the Council. These include disciplinary action, civil proceedings, criminal proceedings official cautions and administrative penalties. In appropriate cases several actions may be taken. e.g where an employee has defrauded the council we may take disciplinary, criminal and civil recovery action.
5. We recognise criminal proceedings is a serious step to take and the decision to refer cases for prosecution will not be taken lightly.
6. The ultimate decision on prosecution will be taken by the prosecuting body. In some case this will be Council, The Crown Prosecution Service or the party we are working jointly with such as The Department for Work and Pensions, NHS, Police or another Local Authority.
7. We will utilise the Council’s Investigators, Police or other Local Authorities in cases where their additional powers are required to secure evidence or recovery of funds.
8. The Operational Benefits Manger & Corporate Fraud Manager shall be responsible for ensuring investigations into suspected fraud are conducted in a professional manner in accordance with the Police and Criminal Evidence Act 1984 (PACE), Criminal Procedures in Investigations Act 1996 (CPIA), Human Rights Act and Regulatory Investigation Power Act 2000 (RIPA). All

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evidence gathering will comply either by the act being used to collect the information or by the Data Protection Act 1998. This is soon to be replaced by the EU General Data Protection Regulation (GDPR) from May 2018.

9. Each case is unique and must be considered on its own facts and merits. Investigators must be fair, independent and objective. They must not let any political views, or personal views about ethnic or national origin, sex, religious beliefs, or the sexual orientation of the suspect, victim or witness influence their decisions. They must not be affected by improper or undue pressure from any source.
10. It is the duty of the Council to make sure that the right person is prosecuted for the right offence. In doing so, the Council must always act in the interests of justice and not solely for the purpose of obtaining a conviction.
11. Where necessary, the Council will work in co-operation with other organisations such as the Police, National Crime Agency, Department for Work and Pensions, Home Office, NHS, HMRC and other Local Authorities. (This list is not restrictive)
12. In appropriate cases we will utilise the prosecution arm of the Department for Work and Pensions within the Crown Prosecution Service. This would usually be for any joint prosecutions which included Housing Benefit.
13. When considering a case for prosecution it is generally accepted that there are two 'tests', the evidential test and the public interest test. These are set out in The Code for Crown Prosecutors.
14. The Code for Crown Prosecutors is a public document, issued by the Director of Public Prosecutions that sets out the general principles Crown Prosecutors should follow when they make decisions on cases.

Evidential Stage test

15. Prosecutors must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge. They must consider what the defence case may be, and how likely it is to affect the prospects of conviction. A case that does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be.
16. When deciding whether there is sufficient evidence to prosecute, prosecutors must consider whether the evidence can be used and whether it is reliable.

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There will be many cases in which the evidence does not give any cause for concern but there will also be cases in which the evidence may not be as strong as it first appeared.

17. The evidence gathered will be examined in the first instance by the investigating officer line manager. They will then present the case to the Chief Finance Officer (Section 151 Officer) currently the Head of Corporate finance. If both are satisfied sufficient evidence exists to successfully prosecute and that the Public Interest Stage has also been satisfied the case will be passed onto either the Council’s legal team or the Crown Prosecution Service via the (DWP or Police). All prosecutors will then apply their own inspection of the evidence to ensure both tests are met.

Public Interest Test

18. Where there is sufficient evidence to justify a prosecution or to offer an out of court disposal, prosecutors must go on to consider whether a prosecution is required in the public interest.
19. A prosecution will usually take place unless the prosecutor is sure that there are public interest factors tending against prosecution which outweigh those tending in favour, or unless the prosecutor is satisfied that the public interest may be properly served, in the first instance, by offering the offender the opportunity to have the matter dealt with by the way of an out of court disposal.
20. The more serious the offence the defendant's criminal record will have an impact on the public interest.
21. Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction.

Officer Fraud and Corruption

22. In all cases of fraud, theft, financial misconduct, serious and intentional breach of financial regulations and corruption committed by officers we will seek disciplinary action. The normal recommendation would be ‘gross misconduct’.
23. Where a financial loss has been identified we will always seek to recover this loss either through the civil or criminal process.

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Housing Benefit Fraud

24. Although Housing Benefit fraud is now investigated by DWP additional sanctions are available to the Council such as administrative penalties. The Council will also work with DWP where required to assist in their investigations to Housing Benefit.

Administrative Penalties

25. In accordance with the Social Security Administration (Fraud) Act 1997 and The Council Tax Reductions Schemes (Detection of Fraud and Enforcement) (England) Regulation 2013 the Council May administer a fixed penalty arising from the offence. This is in addition to the total overpayment amount.

26. When the Council offers an Administrative Penalty the officer will:

- Explain details of the penalty; and
- Ask if the defendant wishes to accept it.

27. If the administrative penalty is not accepted then the matter will be referred for possible criminal proceedings.

28. In all cases of fraud we will seek to recover all overpaid benefits.

Tenancy Fraud

29. The Council's Corporate Anti-Fraud investigators support the work of the Housing Department and will investigate suspicions of Tenancy Fraud.

30. This includes;

- Unauthorised sub-letting
- Abandonment
- False succession applications
- Housing register / Homelessness applications
- Right to buy
- General tenancy breaches

31. The Prevention of Social Housing Fraud Act 2013 was introduced to tackle many of the above issues.

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32. In all cases of tenancy fraud the Council will seek to recover the property and recover any financial losses. One property lost to fraud is one less property available to use for genuine applicants.

Other Fraud

33. Good governance controls will not totally eliminate fraud within our systems and to say we have no fraud is not understanding the problem and a poor corporate strategy.

34. Other areas of fraud include Business rates, Council Tax, Payroll, Insurance claims, Procurement, Internal Fraud, Identity Fraud, No recourse to public funds, Immigration, enforcement and emerging cybercrime.

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