



Anti Fraud and Corruption Policy

May 2018



Policy statement

Boston Borough Council is committed to sound corporate governance and is determined to prevent and eradicate fraud and corruption whether it is attempted from outside or from within the council. Prevention of fraud and corruption will be a key focus and we will take all necessary steps to identify suspected fraud and corruption. Furthermore, we pledge to pursue the recovery of any losses and apply suitable sanctions to those responsible.

Introduction

In administering our responsibilities we are committed to the highest ethical standards. We expect all our members and officers to lead by example, ensuring adherence to rules, procedures, policies and recommended practices whilst maintaining conduct of the highest standards to ensure public confidence in our integrity is maintained.

Fraud and corruption cheats the local tax-payer and undermines the ability of the Council to provide value-for-money services in an open, honest and transparent way. Members and officers should ensure they adhere to all rules, legal requirements, council procedures and recommended practices. We require compliance with all policies relating to information security and confidentiality.

We expect that individuals and organisations (for example; suppliers and contractors) that we come into contact with will act towards us with integrity and without thought or actions involving fraud, bribery or corruption.

Our Anti-fraud and corruption policy is based on a series of comprehensive and inter-related policies and procedures designed to hamper any fraudulent or corrupt act. The policy covers:-

- Culture
- Prevention – internal control mechanisms
- Detection and investigation – combining with others
- Awareness.

Aims and scope of this policy

The scope of this policy is intended to support the UK Anti Corruption Strategy 2017 which has 6 main priorities up to 2022; which include reducing corruption in public procurement and grants and promoting integrity in the public and private sectors.

This policy demonstrates our commitment to minimising the risk of fraud, bribery and corruption whilst maximising the likelihood of detection as soon as possible. It also commits us to reporting or investigating any instances which we become aware of.



Definitions

Fraud

Any illegal acts characterised by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organisations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage, for example;

- Theft of money
- Theft of goods
- Obtaining a benefit, discount or rebate to which a person is not entitled.

Corporate Fraud

Fraud occurring within an organisation is known as Corporate Fraud. This involves deliberate dishonesty to deceive the public, lending companies or others, usually resulting in financial gain to the criminals, organisation or individuals working within the organisation.

Corporate Fraud could be one of the following types of fraud (this list is not exhaustive):

Financial Fraud

- Theft from the Council by employees or others
- Income received and not declared and banked
- Changes/additions to payee details
- Falsification of invoices or other paperwork for gain or other reasons
- Giving invalid discounts or free services to friends and family

Procurement Fraud

- Undeclared personal relationships between staff and suppliers
- Deliberate mismanagement of tender processes

Employee claims

- Submission of false claims e.g. timesheets, mileage
- Provision of false documentation to secure employment

Misuse of physical & financial assets

- Theft by a third party
- Use of council equipment for the running of own business interests
- Use of council property/equipment for personal events (not authorised and/or charged for)

Other

- Bribes – offering or accepting gifts, hospitality or dishonest payments in exchange for goods or services



Bribery and corruption

The promising, requesting, offering, giving or accepting, directly or indirectly, of an inducement or reward that distorts the proper performance of any duty or behaviour required of the recipient of the offer or bribe, for example:

- The taking or giving of a bribe to secure favourable treatment in the granting of a council service or contract
- The undue use of influence to procure a council service or contract

Culture

We have determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption. We will not tolerate malpractice or wrongdoing in the provision of our services and are prepared to take vigorous action to stamp out any instances of this kind of activity. The fight against fraud and corruption can only be truly effective where these acts are seen as anti-social unacceptable behaviour and whistle blowing is perceived as a public-spirited action.

There is an expectation and requirement that all individuals and organisations associated in whatever way with the council will act with integrity and that our officers and members at all levels will lead by example in these matters.

Our employees and elected members are positively encouraged to raise any concerns they may have on these issues where they are associated with the council's activity. They can do this in the knowledge that such concerns will be treated in the utmost confidence and properly investigated.

We appreciate that there are employees, elected members and members of the public who would fear recrimination, victimisation or harassment if it were known that they were making a complaint. In support we offer full protection under our whistleblowing policy to those persons who voice their concern over any matter affecting the provision of our services. A copy of the policy is available to all our employees in Alfresco (<http://deere:8080/share/page/site/all-staff/document-details?nodeRef=workspace://SpacesStore/b81007ab-79ac-4131-b14e-cd95303232b7>) or via line managers.

Members of the public are also encouraged to report any concerns they may have about our officers or members via the council's feedback system or our Internal Audit section.

Where either officers or members are implicated, the Section 151 Officer must be informed immediately, unless they are also implicated; in which case the matter would be referred to the next most senior officer for investigation). Any subsequent investigation into members' conduct will be conducted under the procedures set out within the Localism Act 2011.



The remit of our Audit and Governance Committee covers the promotion and maintenance of high standards of ethical conduct by members and officers, including the consideration of any reports referred to it by the Chief Executive or Monitoring Officer in respect of any alleged breaches of the members' code of conduct. The codes of conduct for members and officers appear in part 5 of the council's constitution <http://www.boston.gov.uk/index.aspx?articleid=3555>

Prevention

Management has responsibility for the prevention of fraud and corruption within all departments. It is essential that managers understand the importance of soundly-designed systems which meet key control objectives and minimise opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own department's activities and for implementing appropriate strategies to minimise this risk. To this end internal audit provide advice to departmental managers to ensure that they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work.

We are determined to frustrate the potential fraudster and to introduce a robust prevention methodology, which will involve everyone including:

- Officers
- Members
- Internal control procedures
- Information and communications technology measures
- External agencies
- The public
- Individuals and bodies dealing with the council.

Officers

We are obliged to maintain, and are entitled to expect, a high standard of conduct among our 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 are working honestly and without bias in order to achieve the council's objectives.

Officers are expected to follow the council's employee code of conduct which sets out the conduct expected of all employees in the performance of their jobs and also to follow any code of conduct related to their personal professional institute. Copies of the employee code of conduct will be issued to all new employees at the commencement of their employment. We will invoke the appropriate disciplinary procedure for breaches of codes of conduct.

Employees are required to operate within the council's standing orders and financial regulations. They must also operate within section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the authority or fees or rewards other than proper remuneration. All officers are required to declare to their line manager and register with the



monitoring officer any potential areas of conflict between their duties and responsibilities whilst acting on behalf of the council and any other areas of their personal or professional lives.

Under the Bribery Act 2010 bribery is a criminal offence for an employee to request, receive, agree to receive, promise, offer or give any gift, loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity.

We operate a zero tolerance approach to any attempts at bribery by, or of, our employees and encourage all employees and associated persons to report any suspected bribery activity.

In the event of any bribery activity being suspected by employees or associated persons, we will carry out a full investigation that, if upheld, may result in a finding of gross misconduct and immediate dismissal. We may also immediately terminate contractual arrangements with any associated person and will involve the regulatory authorities when appropriate.

Members

Members of the council are expected to operate honestly and without bias within both a regulatory and advisory framework. Their conduct is governed by:

- Code of conduct for members
- Localism Act 2011
- Relevant Authorities (Disclosable Pecuniary Interest) Regulations 2012
- Sections 94-96 of the local government act 1972
- Council standing orders and financial regulations
- Local government act 2000: Part III.

These matters are specifically brought to the attention of members in the members' handbook. They include the declaration and formal registration with the monitoring officer of potential areas of conflict between members' council duties and responsibilities and any other areas of their personal or professional lives.

Internal control systems

A continuous internal audit, under the overall direction of the Chief Finance Officer is maintained to review accounting, financial and all high-risk operations of the council. Such review is carried out to:

- Ensure financial controls are effective
- Prevent the opportunity for fraud
- Detect occurrences of fraud
- Ensure our services are operating in an effective, efficient and economic manner.



In order to carry out our work we support the fact that internal audit shall have access and authority to:

- Enter at any reasonable times any premises or land in occupation or possession of the council
- Examine all manual and computerised documents, accounts, statements, records and correspondence relating to any financial or other transactions of the council
- Examine information and data held on personal computers and other hardware, file servers and software
- Require any employee of the council and any other organisation or person in possession of council resources to produce cash, stores, records or any other council property under their/his/her control
- Apply any reasonable tests or checks that might be considered necessary
- Require and receive any explanations as are necessary concerning any matter under examination

Depending on the nature of any allegations, the internal audit section will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence are properly investigated and reported upon.

External audit

An external auditor also reviews our work. This is a statutory requirement and the role of the external auditor covers:

- The financial standing of the council
- Statements of account
- Legality of transactions
- Value for money studies on council services.

Corporate Fraud

The following steps will be undertaken in any cases of suspected Corporate Fraud:

Potential fraud identified

-

Report to Section 151 Officer (or use other options as per Whistleblowing Policy)

-

If employee suspected, People Services to be notified and Head of Service to invoke procedures if necessary

-

Internal Audit to investigate (in most circumstances)

-

Internal audit to report to Section 151 Officer

-

Section 151 Officer to determine next steps e.g. disciplinary hearing in conjunction with relevant Head of Service



Benefit fraud

From 1 December 2015, investigation into Housing Benefit fraud transferred from Boston Borough Council to the Department for Work and Pensions under the Single Fraud Investigation Service. Boston Borough Council retains responsibility for investigating potentially incorrectly claimed Council Tax Support.

Boston Borough Council is committed to protecting public funds by taking action to combat benefit fraud. The council will not tolerate any type of benefit fraud, whether it is attempted from within or outside of the council. If there is sufficient evidence to show that a claimant or some other third party has committed benefit fraud, the council will consider taking action against that person under the appropriate legislation.

We will seek to recover any benefit overpaid as a result of fraudulent activity and will use every power available to us to minimise the loss to the public purse through fraud.

We have a Prosecutions and Sanctions Policy in place which should be read in conjunction with this policy. It sets out the council's policy on the use of sanctions including prosecution for offences relating to Housing and Council Tax Benefit and Support.

Electronic fraud

We are utilising information and communications technology (ICT) to an increasing degree in the conduct of business. Increased use of the internet, e-mail facilities for officers and members, electronic purchasing systems and computerised systems bring new opportunities for the perpetration of fraud and corruption. Procedures and systems are in place to minimise these opportunities and improve the chances of fraudulent activity being detected.

There are three main strands to the attempts to combat fraud conducted via the mechanism of ICT. These are:

- Adoption of an information security policy for officers and members
- Internal audit and external review of major computerised financial and management systems
- Spot checks on ICT systems and user activity.

Money laundering

Although Local Authorities are not legally obliged to apply Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012), the council is bound by the provisions of the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006 and the Counter Terrorism Act 2008). It is good practice to comply with the main measures of the Regulations as part of corporate governance arrangements.



Money laundering is the process where criminals attempt to hide and change the true identity of the proceeds of their crime so that they appear legitimate. The various stages are termed placement; layering and integration: -

- Placement – ‘Dirty money’ is placed directly into the financial system
- Layering – the proceeds are then moved through a series of financial transactions, making it harder to establish their origin
- Integration – the money launderer creates a legitimate explanation for the source of the funds allowing them to be retained, inverted into the legitimate economy or to acquire assets.

A person commits a criminal offence under the Proceeds of Crime Act 2002 by:-

- Concealing, disguising, converting, transferring criminal property or removing it from the United Kingdom
- Entering into or becoming concerned in an arrangement which he/she knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.

Criminal property is any property which is or represents benefit from criminal conduct.

Criminal conduct is any conduct constituting a criminal offence in the United Kingdom and includes for example tax evasion, fraudulent expenses and benefit claims.

The money laundering offences are aimed by legislators at criminals and their associates but any person may be caught by the offences if they suspect money laundering and either become involved with it in some way or do nothing about it. It is not necessary to have benefitted in any way to be guilty of the offences.

We will do all we can to prevent and protect ourselves and our employees being exposed to money laundering. We will, wherever possible, identify the potential areas where it may occur and will comply with all legal and regulatory requirements associated with actual or suspected cases. It is the responsibility of every employee to be vigilant and to report any suspicions of money laundering immediately to the Council’s Money Laundering Reporting Officer.

Boston Borough Council’s designated Money Laundering Reporting Officer is: -

Chief Finance Officer
Boston Borough Council
Municipal Buildings
West Street
Boston
Lincolnshire, PE21 8QR



The maximum cash limit the council will accept is £2,000. However, in exceptional circumstances where the Council has been able to check the diligence of any cash income, we will use our discretion to increase this amount on a case by case basis.

Disciplinary procedures

All officers should be aware that, as a result of any fraudulent action, we will deal with such matters in accordance with the approved disciplinary procedures. We will normally wish the police to be made aware of and to independently prosecute offenders where financial impropriety is discovered.

Prosecution and sanction policy

We have a Prosecution and sanction policy in place which sets out the Council's policy on the use of sanctions including prosecutions for offences relating to any of the following schemes: -

- Housing Benefit
- Council Tax Benefit
- Council Tax Support
- Any successor benefit to these schemes

Whistle-blowing

We have established a whistle-blowing policy and procedure which provides protection, in accordance with the Public Interest Disclosure Act 1998, to anyone who wishes to report allegations or concerns about us, our councillors, services or service providers. This details the options for reporting concerns internally and externally for all stakeholders, that is to say, members of the public, employees, councillors, contractors and agency staff.

Data matching

We will take part in national and local exercises to identify fraud and abuse. We will seek all relevant permissions and will comply with all national codes of conduct for data matching.

Data sharing

In the interests of protecting the public purse and the prevention and detection of fraud, members of staff are actively encouraged to report any instances of fraud. We have published fair processing notices on our website and also display this information in our public areas, notifying members of the public that we will share information held between departments and other 3rd party organisations as appropriate in order to prevent and detect crime.

Detection

The array of internal control systems should, under normal circumstances, go some way to deterring fraud. They are also in place to provide indications of any possible fraudulent activity.



However, instances will still arise which have not been prevented either due to error, lack of control, excessive cost of control or poorly-planned changes in systems.

We are therefore also proactive in the use of proven methods for the detection of fraud and corruption for example, computer-assisted audit techniques and data matching (part of the National Fraud Initiative).

Awareness

We are committed to raising the profile of our anti-fraud and corruption work and this policy, which underpins the whole framework, will be widely distributed and publicised. Work is undertaken by our internal auditors and benefits service to actively promote awareness and provide feedback at all levels within the council.

Conclusion

We have in place a clear network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in techniques for preventing and detecting fraudulent or corrupt activity that may affect its operation or related responsibilities. These arrangements will be kept under continual review.

Equalities statement

We are committed to equality and fairness. Equality is about ensuring people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from us. This incorporates everyone, regardless of their race, gender, age, religion or belief, sexual orientation and/or disability.

Other formats

We can provide this information in other languages and formats

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