BRACKNELL FOREST BOROUGH COUNCIL

BRACKNELL FOREST COUNCIL FRAUD PREVENTION POLICY

VERSION	DATE	APPROVED BY	REVIEW DATE
Version 1	June 2017	Governance and Audit Committee	June 2020

1.1 Introduction

1.1.1 The impact of fraud is costly, time consuming, disruptive and can cause uncertainty. The major thrust of any counter fraud policy must be aimed at prevention.

1.1.2 The Council's Fraud Prevention Policy sets out its wider commitment to reducing the occurrence of fraud and protecting its services from loss. This includes ensuring the proper use of the Council's resources to minimise the risk and effect of fraud.

1.1.3 This policy will outline Council's approach to dealing with fraud both internally and externally of the organisation. It will define the roles and responsibilities of all staff that are tasked to combat the threat of fraud and how to report concerns of fraud.

1.1.4 This policy aims to systematically prevent, detect and eradicate fraud through building strong defences into the Council's working practices, conducting high quality investigations when fraud is suspected and using all legal sanctions available including criminal prosecution when fraud is uncovered.

1.1.5 This policy applies to:

(a) Employees

(b) Members

(c) Agency Staff

(d) Contractors

(e) Consultants

(f) Suppliers

(g) Service users

(h) Employees and committee members of organisations funded by the organisation; and

(i) Employees and principals of partner organisations

1.1.6 The Council requires all the above, at all times, to act honestly and with integrity and to safeguard the interests of the Council's employees and its services at all times. Fraud is an ever-present threat to all resources and may occur internally or externally and may be perpetrated individually or in collusion with others.

1.1.7 The Council has a 'zero tolerance' approach to fraud.

1.2 Responsibilities

1.2.1 Managerial Responsibilities

1.2.1.1 The day-to-day responsibility for the prevention and detection of fraud rests with line managers who are required to:

(a) identify the risks to which systems, operations and procedures are exposed including financial risks;

(b) develop and maintain effective controls to prevent and detect fraud; and

(c) ensure that controls are being compiled with.

1.2.2 Employees Responsibilities

1.2.2.1 The Council views its employees as its most important resource and recognises that its employees are the first line of defence in preventing fraud. The Council expects and encourages their employees to be alert to the possibility of fraud and corruption and report any suspected cases.

1.2.2.2 All employees are responsible for:

(a) acting with propriety in the use of the Council's resources and in the handling and the use of funds whether they are involved with cash or payments systems, receipts or dealing with contractors, suppliers or staff;

(b) reporting details immediately to the appropriate person if they suspect or believe that there is evidence of irregular or improper behaviour or that a fraud may have been committed;

(c) complying with the Council's Code of Conduct for Employees. Employees should not place themselves in situations where their honesty and integrity may be questioned.

1.2.3 Members Responsibilities

1.2.3.1 Members are required to:

(a) operate within Government legislation and the Code of Conduct for Members;

(b)   declare and register any conflict of interest in accordance with the Code of Conduct for Members and the Localism Act 2011.

1.2.4   **Internal Audit**

1.2.4.1   Internal Audit is responsible for:

(a)   assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls; and

(b)   alerting management to review its risk exposures and identify the possibility of fraud as a business risk.

1.2.5   **Borough Treasurer**

1.2.5.1   The Borough Treasurer is responsible for:

(a)   monitoring and updating the Fraud Prevention Policy and issuing guidance and procedures for officers on the use of the policy.

(b)   maintaining adequate and effective internal control arrangements.

(c)   ensuring that the Council maintains an adequate and effective system of internal audit of its accounting records and its internal control systems;

(d)   ensuring significant irregularities are reported to the Head of Audit and Risk Management, the Chief Executive, the Monitoring Officer, Executive and the Governance and Audit Committee.

(e)   determining the arrangements for investigating significant irregularities and ensuring that effective procedures are in place to investigate promptly any fraud or irregularity.

1.2.1   **Directors**

1.2.1.1   The Directors are responsible for:

(a)   maintaining adequate processes in place to identify where fraud may be perpetrated and put in place effective controls to minimise the risk of such fraud from arising;

(b) ensuring all suspected irregularities are reported to the Borough Treasurer; and

(c) ensuring that the staff within their Department are aware of their responsibilities within the Fraud Prevention Policy.

1.2.2 Chief Executive

1.2.2.1 The Chief Executive is responsible for:

(a) ensuring that the Council is compliant in respect of civil and criminal legislation and is aware of the requirement to report suspicions of fraud, however, minor;

(b) ensuring that Nolan's[1] principles are applied consistently across the Council's business processes and activities (Nolan's principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

(c) ensuring that Directors have put in place procedures to identify and manage risks.

1.2.3 Third Parties

1.2.3.1 Third Parties are responsible for:

(a) ensuring they work to the standards set out for a third party and have controls in place to prevent and detect fraud;

(b) and reporting any concern of fraud to the Council immediately in line with the Council's Whistleblowing Policy.

1.2.4 School Governors

1.2.4.1 School Governors are responsible for:

(a) ensuring that the school has an effectively policy framework, procedures and controls in place to prevent fraud and procedures for reporting and managing suspicions of fraud;

1.3   **Definitions of Fraud**

1.3.1   This policy is intended to be fully compliant with the Fraud Act 2006 and its definitions.

1.3.2   The Fraud Act 2006 came into effect in January 2007. The Act introduced a new general offence of Fraud which can be committed in a number of ways, the three main categories are:

1.3.2.1   **Fraud by false representation**; by dishonestly making a false representation with the intention to make a gain for yourself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading. An example of this would be an employee submitting a false expense claim form for payment.

1.3.2.2   **Fraud by failing to disclose information**; by dishonestly failing to disclose to another person information which you are under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for themselves or another, or to cause loss to another or expose another to the risk of loss. An example of this would be an employee failing to disclose a criminal conviction that would affect their working practices.

1.3.2.3   **Fraud by abuse of position**; by occupying a position in which you are expected to safeguard, or not to act against, the financial interests of another person, and dishonestly abusing that position, intending, by means of the abuse of that position, to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss. An example of this would be a carer who has access to a service user's bank account for the use of that service user and accesses the service user's money for their own personal gain.

1.4   **Council's Values**

1.4.1   Three fundamental values underpin the Council's activities and these are:

1.4.1.1   **Accountability**; everything done by those that work at the Council must be able to withstand comprehensive scrutiny.

        1.4.1.2   **Probity**; absolute honesty and integrity should be exercised in dealing with everyone that comes into contact with the Council.

        1.4.1.3   **Openness**; the Council's activities should be sufficiently open and transparent to promote confidence between the Council and all those that come into contact with it.

These values are key elements in tackling fraud, along with the principles set out in the Council's Codes of Conduct and Protocols.

1.5 Prevention

1.5.1   The Council has a zero tolerance to fraud and corruption. The Council's aim is to have sound financial systems and procedures which incorporate efficient and effective internal controls. For instance, segregation of duties is considered a fundamental control in financial systems. The Council is responsible for maintaining effective internal controls which include the prevention of fraud and other illegal acts.

1.5.2   Each Directorate has a responsibility to ensure that its own system of controls secure probity and identify, prevent and deter the extent of fraud and corruption. An effective system of internal controls includes, but is not limited to:

        1.5.2.1   Adequate segregation of duties;

        1.5.2.2   An up to date schedule of delegations;

        1.5.2.3   Authorisation and approval procedures;

        1.5.2.4   Adequate physical security over assets;

        1.5.2.5   Reliable monitoring and reporting arrangements.

        1.5.2.6   Declarations of interest; and

        1.5.2.7   Gifts and hospitality registers

1.6 Raising Fraud Awareness

The Council recognises that the success and credibility of its Fraud Prevention Policy will depend largely on how effectively it is communicated throughout the Council and beyond. Every opportunity will be taken to bring it to the attention of employees, and all others that come into contact with the Council. To further develop an anti-fraud culture, the Council will:

1.6.1   develop and maintain effective controls to prevent fraud;

1.6.2   ensure that if fraud occurs a vigorous and prompt investigation takes place without regard to position held or length of service;

1.6.3 take appropriate disciplinary and legal action in all cases, where justified; and review systems and procedures to prevent similar frauds;

1.6.4 provide its employees, and other associated persons, where relevant, with training on the risks posed by fraud and bribery and the Council's procedures in tackling fraud to maintain a zero tolerance approach to fraud and bribery;

1.6.5 review this policy document regularly and undertake a fraud risk assessment of the Council's activities;

1.6.6 maintain and review the hospitality register.

2 FRAUD RISK MANAGEMENT

2.1 Principle

Managers are responsible for having adequate processes in place to identify where fraud may be perpetrated and putting in place effective controls to minimise the risk of such fraud from arising. Each directorate will be asked to identify its key fraud risks and controls to address those risks and document these in fraud risk logs.

2.2 Procedure

The fraud risk logs will enable the Council to:

2.2.1 Monitor "at risk" areas susceptible to fraud and focus resources available for fraud preventative and detection on these areas;

2.2.2 Communicate with "at risk" areas; and

2.2.3 Undertake appropriate due diligence of third parties and associated persons.

3 REVIEW OF INTERNAL PROCESSES AND CONTROLS

3.1 The Accountant's Group will provide a strategic overview of fraud risks and fraud prevention by:

3.1.1 Periodically reviewing the Council's Fraud Prevention Plan for relevance and accuracy before this goes to the Corporate Management Team and the Governance and Audit Committee for approval ;

3.1.2 Seeking information on training needs within each Directorate and assist in the coordination of training to meet needs;

3.1.3 Sharing best practice and examples of anti-fraud measures and procedures; and

3.1.4   Monitoring trends/occurrences of fraud with the Council and disseminate, as necessary, lessons learned.