

Anti-Fraud and Corruption Policy



Version 1.4 – November 2023

Contents

	Page No.
1.Foreword	2
2.Introduction	3
3.Definitions	4
4.Our Counter Fraud Strategy & Risk Management	5-7
4.1. Counter Fraud Strategy	5
4.2. Risk Management	5-7
5.Culture and Structures	8-11
5.1. Key Structure and roles	8-9
5.2. Cyber Fraud	9-10
5.3. Propriety	10-11
5.4. External Liaison	11
6.Deterrence	11-12
6.1. Prosecution	12
6.2. Disciplinary Action	12
6.3. Publicity	12
7.Prevention	13-14
7.1. Recruitment	13
7.2. Interests, Gifts and Hospitality	13
7.3. Fraud Warnings	14
7.4. Money Laundering	14
8.Detection	14-16
8.1. Outline of the FBC Fraud Response process	15-16
9.Investigations	17
10. Sanctions	17
11. Redress	17
12. Training and Awareness	18
13. Monitoring Arrangements	18-19
14.Appendix 1	20
15.Appendix 2	21

1. Foreword

Fareham Borough Council ('FBC' or 'the Council') is determined to uphold the highest standards of financial probity and accountability to ensure all public money it is entrusted with is used economically and efficiently to support the Council's vision of a Fareham which is prosperous, safe, and an attractive place to live and work.

The cost of fraud to local government has recently been estimated at £7.8 billion a year (Annual Fraud Indicator 2017). This is money that could be used for local services.

This Anti-Fraud and Corruption Policy details the arrangements at this Council for managing the risk of fraud and corruption and has our full support.

We are committed to reducing losses from fraud by using an integrated approach which uses prevention, deterrence, detection, and investigation. We will pursue those responsible and seek to recover any losses, referring matters to the police and using the courts where appropriate.



As a Council, we cannot afford to be complacent, and we urge all our Members, employees, contractors, and partners to assist us in fighting fraud by having regard to this policy, cooperating with any fraud investigation undertaken by authorised Council officers and understanding the risks of fraud when carrying out their duties, recognising that, if uncontrolled, fraud diverts much needed resources from our communities.



Councillor Seán D.T Woodward
Executive Leader



Andy Wannell
Chief Executive Officer

2. Introduction

This policy sets out the approach that FBC uses to manage the risk of fraud and corruption and minimise the losses incurred.

The prevention and detection of fraud is not the sole responsibility of one team or of one employee, but the duty of all internal and external stakeholders which includes but is not limited to:

- councillors
- employees at all levels and grades*
- contractors and suppliers
- partners
- consultants, agency, and contracted staff
- service users
- volunteers
- members of the public.

**Key information which all FBC employees need to be aware of has been detailed in a briefing sheet on [Appendix 1](#).*

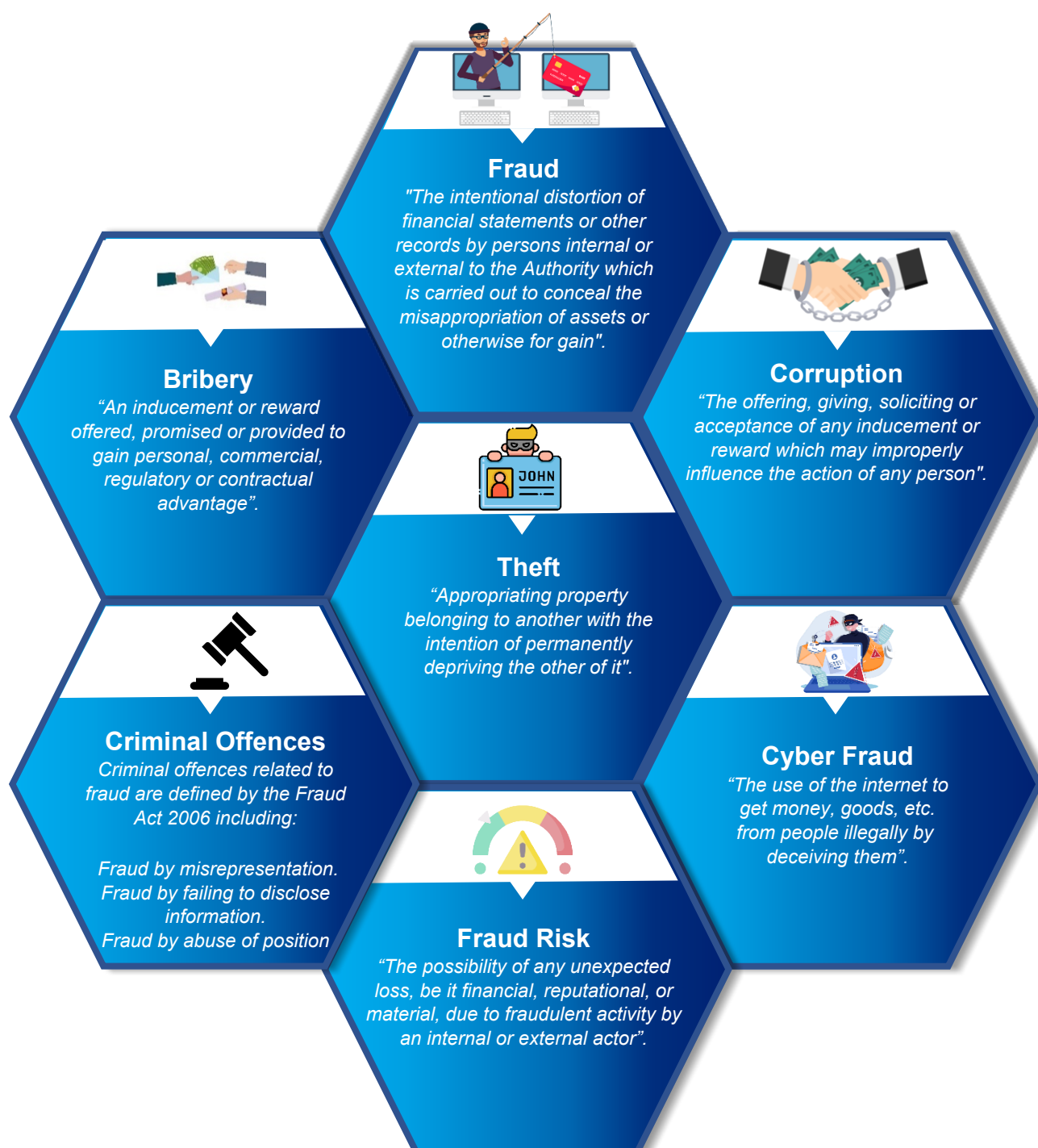
This policy will support the Council's corporate objective to be *"a dynamic, prudent, progressive and best practice Council."* It also supports the Council's statutory duty to *"prevent, detect and deter"* fraud in properly administering its financial affairs. The required outcome is that we have *"confidence that the Council is effective in countering fraud and corruption"*.

Furthermore, the Council will seek to ensure it is compliant with all new legislation relating to Fraud. New relevant legislation includes section 199 ('Failure to Prevent Fraud') of the 'Economic Crime and Corporate Transparency Act 2023'. Additional information on this legislation can be found here: [Economic Crime and Corporate Transparency Act 2023](#).

3. Definitions

This policy is designed to cover the risks associated with theft, fraud, corruption, bribery, and cyber fraud, whether they are perpetrated by employees, councillors, FBC residents, visitors, contractors, suppliers or individuals and organisations unconnected with the Council.

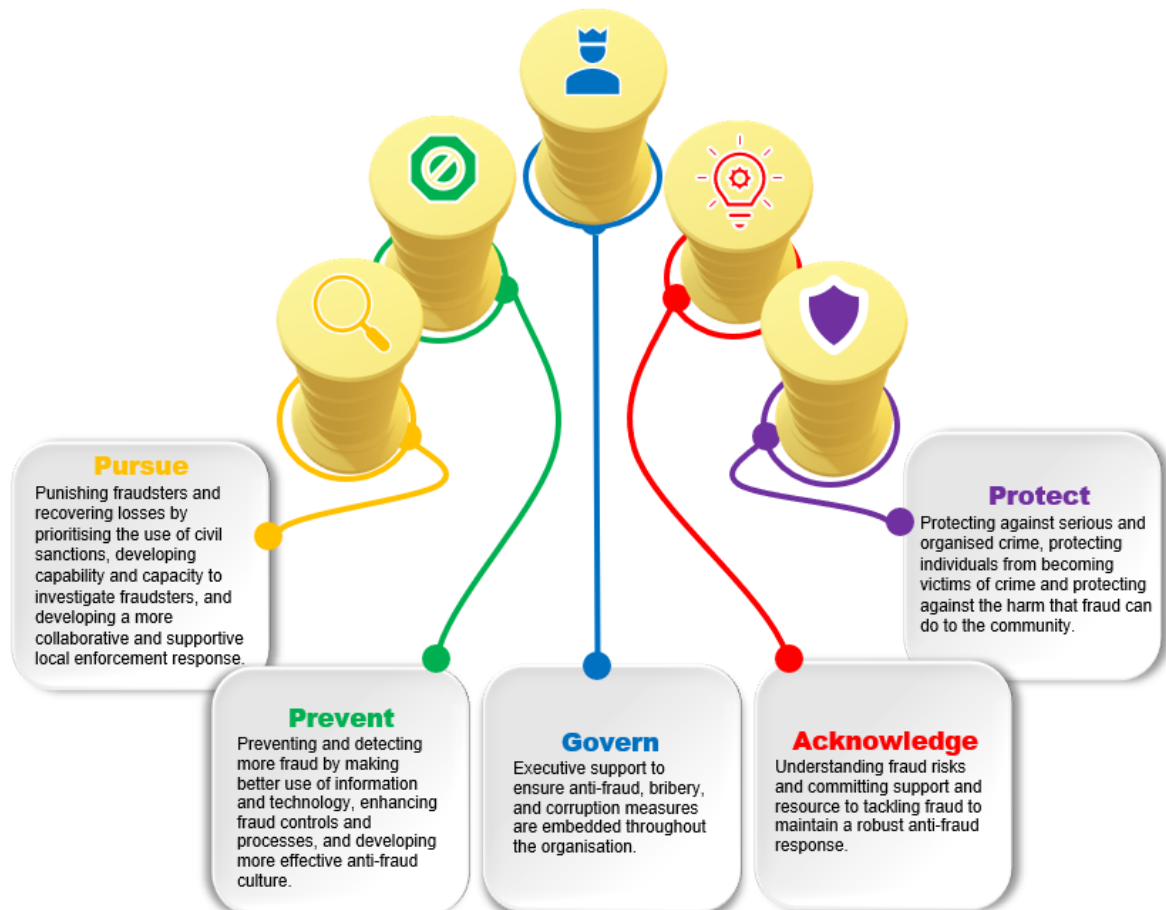
For the purposes of this policy the following definitions:



4. Our Counter Fraud Strategy & Risk Management

4.1. Counter Fraud Strategy

FBCs Counter Fraud Strategy is being aligned to the Fighting Fraud and Corruption Locally: A Strategy for the 2020s authored by CIFAS (FFCL), with a focus on the following five pillars:



FBC has already implemented many of the measures outlined in the above pillars to exhibit our commitment to fighting fraud, as detailed in this Policy.

All measures implemented to reduce losses due to fraud are balanced with their impact on the cost-of-service provision and on the service experience for the many law-abiding customers.

4.2. Risk Management

FBC recognises, **acknowledges**, and actively manages its risks relating to fraud, bribery, and corruption. The Councils Risk Management Policy allows new fraud risk to be brought to life and are encompassed within the Risk Management Monitoring report and presented to the FBC Audit and Governance Committee for scrutiny.

The key fraud risks for local authorities highlighted in FFCL are:



Furthermore, FBC recognises the following as key fraud risks relevant to its services and processes:



The Council will carry out fraud risk assessments on each of the key fraud risks relevant to FBC highlighted above.

A separate Anti-Bribery Policy is maintained in response to the Bribery Act 2010.

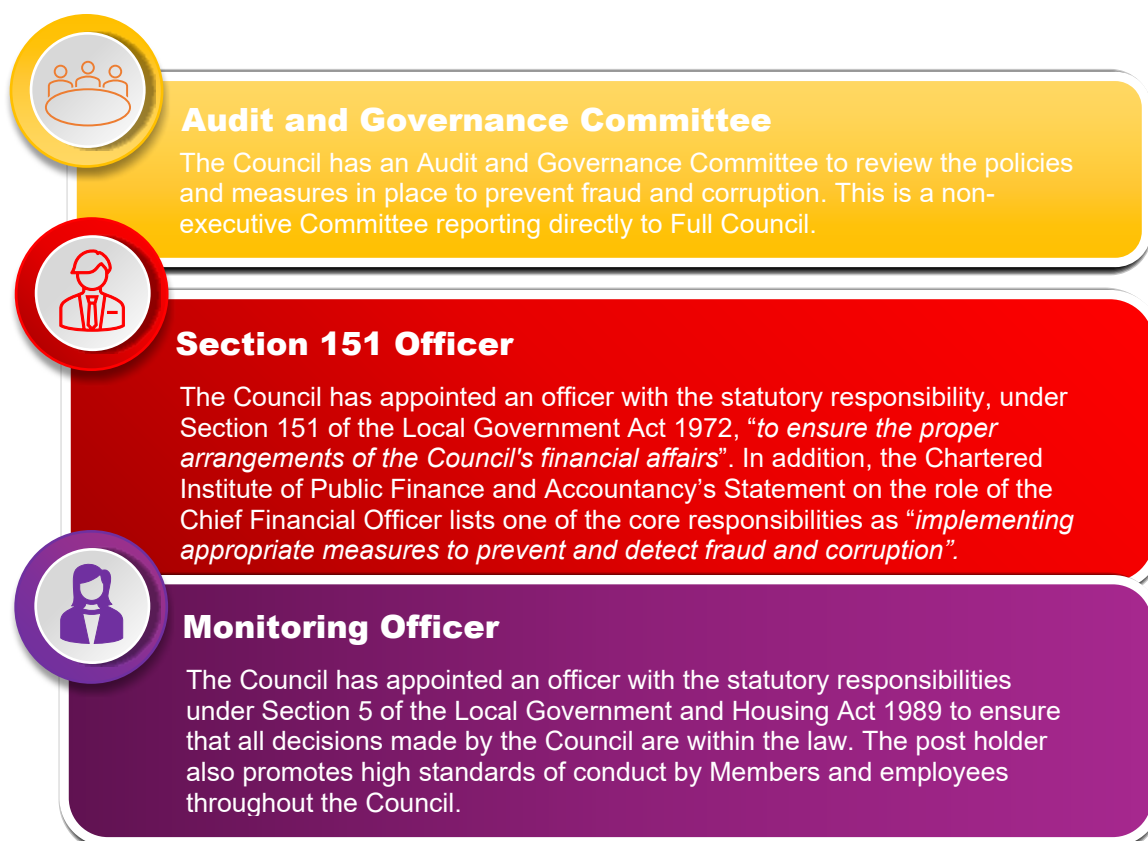
5. Culture and Structures

FBC's fraud **prevention** and **governance** strategy is to recognise that the conservation of a strong anti-fraud culture requires both councillors and employees (at all levels) to play a key role in fighting fraud and corruption. Thus, the role and responsibilities for key internal/external stakeholders, teams as well as committees has been defined below.

5.1. Key Structures and roles



Please see a breakdown of each key governance structure and role below:





Nominated Audit Manager

The Council has appointed an officer with the duty to monitor instances of financial irregularities within the Council and report as necessary to the Audit and Governance Committee and external auditors. The post holder also ensures that an appropriate investigation is carried out.



Corporate Internal Audit & Counter Fraud

The Council maintains an internal audit & counter fraud team who carry out reviews of the adequacy of controls in systems to prevent fraud, amongst other risks, and report on control weaknesses found. They also test aspects of the corporate governance arrangements that are being relied on to prevent and detect fraud.

Furthermore, the internal audit and counter fraud team carry out a programme of work aimed at maintaining and strengthening the counter fraud framework. They also lead on investigations carried out under the Irregularity Response Plan.

In addition, they check that actions required as a consequence of an investigation are implemented.



Investigations Team

The Council has a dedicated investigations officer to investigate suspicions of fraud relating to Council Tax, Business Rates and Housing. The investigations officer and line manager have "Authorised Officer" powers, able to use additional investigative powers in accordance with The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 and The Prevention of Social Housing Fraud Act 2013.



External Audit

Part of the External Auditor's statutory duties is to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud and corruption. Complaints of fraud and corruption can be taken directly to them.

5.2. Cyber Fraud

With the advent of the internet allowing fraudsters to evolve and target individuals through ‘cyber attacks’, FBC has also worked to evolve to combat such threats, with the introduction of a **Cybersecurity Officer**.



Cybersecurity Officer

The Cybersecurity Officer maintains a framework to help prevent and detect cyber fraud attacks against FBC. Such prevention tactics include preventing the delivery of malicious/fraudulent emails as well as the implementation of multi-factor authentications.

The main cyber fraud risk currently impacting FBC is business email compromise, where an attacker impersonates an FBC employee or other acquaintance over several emails with the aim of stealing funds or business information. Common examples would be sending fraudulent invoices, requesting a fraudulent change to an employee’s payroll bank account, or requesting gift card purchases.

Furthermore, the rise of Artificial Intelligence (AI) will aid FBC reduce its cyber fraud risk as the email filtering tools in place make use of AI and machine learning techniques to prevent email fraud from being delivered.

5.3. Propriety

The Council is committed to sound corporate governance and supports the “Nolan 7 Principles of Public Life” covering: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership. It also seeks to create an environment that prevents and detects fraud and corruption in all its work.



Employees

FBC employees are expected to:

- Act with integrity, honesty, and propriety in all their dealings as a Council representative and lead by example,
- Carry out their duties to the best of their ability for the benefit of the Council and not to take advantage of any situation for personal gain, for themselves, members of their family or friends,
- Take the risk of both internal and external fraud seriously and to follow systems and procedures designed to prevent or detect fraudulent activity,
- Secure all passwords, information, documents, money, equipment etc. in their control which can be stolen or used to perpetrate fraud.



Members

Both elected and non-elected Members are required to sign that they will observe the **Code of Conduct for Members** adopted by the Council which sets out what Members must observe in carrying out their duties as councillors, as a representative of the Council and in conducting the business of the Council.

Further guidance on propriety is available in the Employee Code of Conduct and Disciplinary Rules and Procedure and in Financial Regulation Support Document 18 – Probity and Propriety.

All Council employees are required to read, understand, and abide by the Employee Code of Conduct.

Most professional bodies issue their own rules or policies on ethics and standards and employees also have a professional obligation to familiarise themselves and adhere to these. The Council will support all employees in their observance of such rules and policies.

Residents, other members of the public, suppliers and contractors will be expected to act with integrity in their business with the Council and not to behave dishonestly to the detriment of the Council.

5.4. External Liaison

Arrangements will be maintained to encourage the exchange of information on national and local fraud and corruption activity and arrangements with external organisations including:

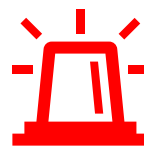
- the Police,
- other Councils and housing associations,
- partner organisations to the Council,
- the External Auditor,
- the Local Government Ombudsman,
- the Department for Work and Pensions (DWP),
- the Cabinet Office (including the national fraud initiative),
- the National Anti-Fraud Network (NAFN),
- the CIPFA Counter Fraud Centre,
- the Centre for Counter Fraud Studies (CCFS),
- the Public Sector Fraud Authority (GCFP)
- the CIFAS UK fraud prevention service,
- the INTEC User Group (including data matching using IDIS)
- National Investigations Officer Group (NIOG)

The Council will also support local forums where matters of anti-fraud and corruption are discussed. These include:

- ❖ the Hampshire Chief Financial Officers Group,
- ❖ the Hampshire Fraud Group,
- ❖ the Hampshire Tenancy Fraud Forum.

6. Deterrence

Our **protection** & deterrence arrangements include a clear framework of procedures and responsibilities which make fraud and corruption hard to perpetrate and which will be likely to disclose fraud and corruption at the earliest opportunity.



Sufficient professional resources will be maintained for investigations by authorised officers (Investigations officer or the Corporate Internal Audit and Fraud team) into irregularities and allegations received via the Counter Fraud mailbox or the whistleblowing hotline (details of both can be found under section 8 (Detection)).

6.1. Prosecution

In applicable circumstances, the police may be informed where criminal offence could have been committed. Where it is in the public interest the Council will **pursue** and prosecute offenders.



Where possible FBC will seek to take actions to maximise the recovery of any losses incurred. The existence of such a competent response should give a strong warning to any person contemplating acting dishonestly against the best interests of this Council.

6.2. Disciplinary Action

Any employee who is evidentially found to be part-taking in any serious offences (e.g., theft, fraud, and corruption) against FBC will face disciplinary action.

The extent of the disciplinary action will be in accordance with the Employee Code of Conduct and Disciplinary Rules and Procedures and consultation with the Human Resources department if appropriate and depending on the circumstances of each individual case (but in a consistent manner), the Council will look to press for a disciplinary hearing and criminal prosecution.

Reports of incidents involving elected Members will be passed to the monitoring officer to be dealt with in accordance with the Code of Conduct for Members - Complaints Procedure. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. Matters, if not referred to the police, will be referred at the appropriate committee or appropriate group leader.

Members or employees involved in fraud, theft or corruption that does not involve FBC or its finances may still be subject to the above action if it is considered to undermine the Council and its reputation.

6.3. Publicity

FBC will maintain a strong message of intolerance to acts of fraud and corruption and will seek to publicise to the public, Members, and employees local or national cases which highlight the consequences of committing fraud.



The authority's communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity within the authority. The communications team will also try to ensure that the results of any action taken, including prosecutions, are reported in the media.

All anti-fraud and corruption activities, including the update of this policy, will be publicised to make Members, employees and the public aware of the authority's commitment to acting on fraud and corruption when it occurs.

Regular reports will be made to the Audit and Governance Committee about countering fraud and corruption activities and their success. The Council will also publish data on its counter fraud activity as part of the Transparency code (2015) disclosures.

7. Prevention

The responsibility for maintaining internal control systems to aid in the **prevention** of fraud and corruption lies with the FBC Chief Executive, Directors, Heads of Service, and Managers. The annual audit plan is designed to provide assurance, highlight control gaps, or recommend improvements where processes are not operating correctly.

Appropriate policies and procedures will be maintained to ensure that internal controls designed to prevent or detect fraud and corruption are built into the Councils systems of operation. Please refer to [Appendix 2](#) for a list of key Council policies.

All FBC employees shall be made aware of and be expected to adhere to any internal control systems designed to prevent or detect fraud and corruption. The Councils ongoing training and development programme should regularly cover internal control systems relevant to the employees' responsibilities.

7.1. Recruitment

A key preventative measure for fraud and corruption is within the recruitment process, where a previous record of potential employees (including temporary and contract staff) can provide evidence regarding an individual's propriety, integrity, objectivity, accountability, openness, honesty, and leadership.

The Council uses an online Recruitment and Applicant Tracking system which ensures that, as part of the onboarding process, appropriate safeguards are taken such as, the taking up of references and verifying of both qualifications and the DBS status of applicants where appropriate.

Staff are expected to abide by the Councils Code of Conduct for Employees which sets out the requirements regarding personal conduct. In addition, staff who are members of professional bodies are expected to follow any code of conduct issued by their professional institute.

Criminal records will be considered where the conviction is relevant. After starting at the Council, employees are required to bring to their manager's attention any new criminal convictions.

7.2. Interests, Gifts and Hospitality

As part of the induction process, relevant employee interests will be ascertained and registered in accordance with the Employee Code Conduct and Disciplinary Rules and Procedure. Gifts and Hospitality can only be accepted in accordance with these guidelines. Employees are required to register any subsequent interests or Gifts and Hospitality offered and/or accepted.



of

The Code of Conduct for Members sets out the requirements for Members in relation to registration and disclosure of pecuniary and personal interests.

7.3. Fraud Warnings

The Corporate Internal Audit & Fraud Team, Investigations Officer and Cybersecurity Officer will be focal points for any fraud warnings on potential external threats or attacks that have occurred in other organisations and will take appropriate action to identify or prevent similar incidents occurring at FBC and making other services aware of any heightened fraud or cyber risks. This includes processing any Intelligence Bulletins published by the National Anti-Fraud Network (NAFN).

7.5. Money Laundering

The Council has adopted an Anti-Money Laundering Policy in response to the Money Laundering Regulations 2007. It has established procedures and a designated Money Laundering Officer (MLRO) to enable the formal reporting and checking of transactions which may indicate Money Laundering.

8. Detection

Unfortunately, even with a range of **preventative** measures, internal control systems, and best efforts from managers and auditors, some frauds still slip through and are only discovered by chance or from information received via the following methods:

Public Referrals

Members of the public are encouraged to report genuine concerns through the designated **Report-IT** channels. Examples are dedicated on-line forms, email addresses (e.g., the corporate fraud mailbox at corporatefraud@fareham.gov.uk and the **Fraud Hotline 01329 824667**). Members of the public can also report fraud whilst contacting the Council either by phone or in person for other reasons and systems are built in place to ensure all reports fraud are recorded and acted on.

The Council also has a Corporate Complaints Policy through which complaints can be made on a wide range of subjects. These can reveal suspicions of dishonesty. Alternatively, the complaints may be taken directly to the independent Local Government Ombudsman.

The Council has also established a Code of Conduct for Members - Complaints Procedure which allows possible breaches of the Council's Code of Conduct for Members to be reported to the Monitoring Officer.



Whistle Blowing



The Council encourages any individual to raise, with the appropriate officer, genuine worries regarding the integrity of anyone acting on behalf of, or in business with, the Council. It has adopted a (a.k.a. the “Raise A Concern Policy”) which allows concerns to be raised in the certainty that they will be properly investigated in a confidential manner. The Policy also seeks to reassure individuals that they will be protected from possible reprisals if they make disclosures in good faith.

Contractors with the Council are also encouraged to raise genuine concerns as part of their contract terms and conditions.

Data Matching

The Council will undertake data matching exercises as it sees as appropriate for the purposes of identifying and reducing fraud and corruption.

Additionally, FBC takes an active part in the National Fraud Initiative as organised by the Cabinet Office. This involves submitting data we hold in various departments for matching to that held by other organisations and investigating promptly any matches received back.



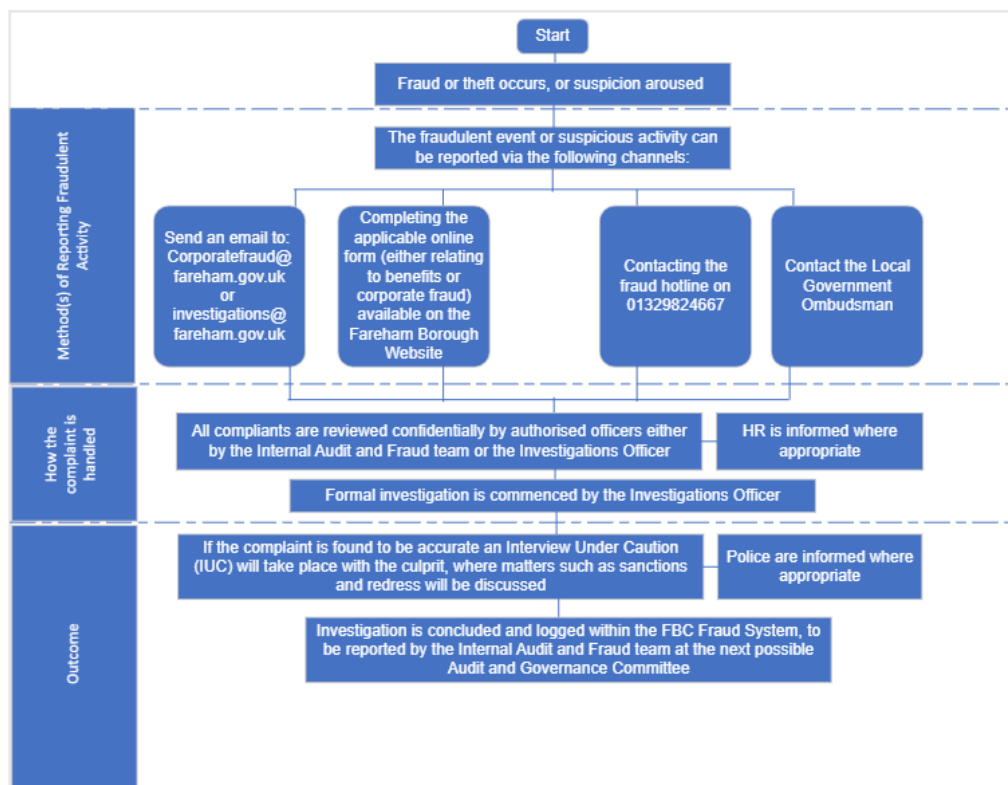
Probity Audits



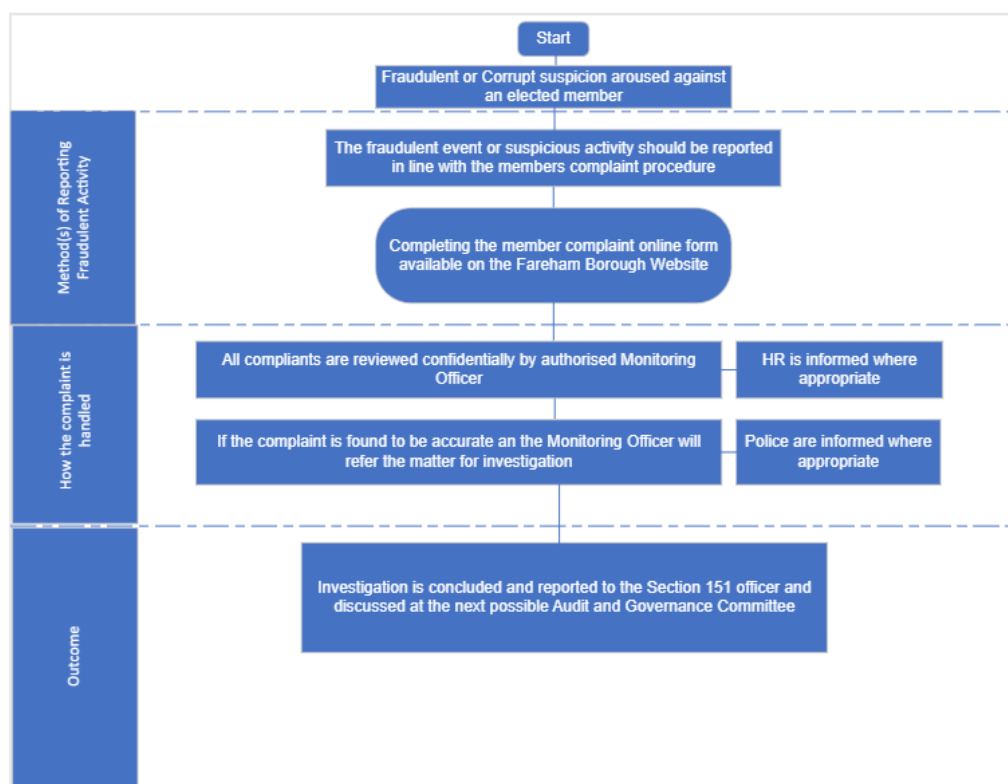
Probity audits are included within the Internal Audit Plan, as time allows, aimed specifically at identifying irregularities or providing assurance that they do not exist.

8.1. Outline of the FBC Fraud Response process

This process flowchart below provides key information as to how suspicious activity can be reported by any FBC employee or member of the public, how it is handled and the corresponding outcome. Further information on how to report a fraud can be found on the Fareham Borough Council website [here](#).



Additionally, this process flow notes how suspicious fraudulent or corrupt activity against an FBC elected member can be reported.



9. Investigations

FBC will maintain an Irregularity Response Plan detailing how allegations of fraud and irregularity will be managed, **pursued** and investigated.

The investigation procedures seek to ensure that:

- there is consistent treatment of fraud and corruption issues,
- a proper investigation is carried out by suitably qualified officers,
- the Authority's and Community's interests are best served.



Authorised investigating officers are required to ensure that investigations are objective, fair, and complete and that they comply with the relevant statutory provisions and internal procedures including The Regulation of Investigatory Powers Act 2000 (RIPA) – Corporate Policy & Procedures.

Where criminal activity is suspected the investigators may notify the police and seek their advice. Any internal investigations will continue to be progressed alongside supporting the Police in their investigation.

10. Sanctions

When an investigation's findings support the suspicion that fraudulent or corrupt activity has occurred, action will be taken in accordance with the Fraud-Sanctions and Redress Policy, which requires all types of sanctions – disciplinary, civil, and criminal to be considered.



Any disciplinary action against **employees** will be taken in accordance with the Council's Employee Code of Conduct and Disciplinary Rules and Procedure. For **elected Members**, sanctions used for breaches of the Members Code of Conduct will be taken in accordance with the Code of Conduct for Members - Complaints Procedure.

Where fraud or impropriety has been perpetrated by organisations/ individuals with whom the Council has a contractual relationship, the Council will act, including where appropriate, terminating the contract, publicising findings, and civil recovery proceedings.

11. Redress

The Council will seek to recover any losses fraudulently obtained from it and where necessary the costs incurred in doing so.

We will consider all means available to recover these amounts including possession orders, compensation claims, civil litigation, making an application for recovery from an employee's pension fund and general debt recovery.

The Council will also maintain access to an Accredited Financial Investigator under a partnership agreement with Portsmouth City Council to be able to use the investigatory powers available under the Proceeds of Crime Act 2002 and the use of restraint and confiscation orders.

Other forms of redress to recover losses, (such as making a claim against our insurance cover) or to prevent further fraudulent activity by the perpetrator, (such as notifying their professional body); will also be used wherever appropriate.

12. Training and Awareness

The Council recognises that the success of the Anti-Fraud and Corruption Policy will depend largely on the effectiveness of Members and employees throughout the organisation.

To facilitate this, appropriate provision will be made through induction, fraud awareness training*, refresher training and regular communications.

*As part of a campaign to increase the fraud awareness within FBC, the Internal Audit team will put together a 'Fraud Awareness and Education Strategy' the objective of which will be '*to increase the education and awareness of the different types of Fraud affecting FBC and to ensure accountability of Fraud risk is understood throughout the organisation to help detect and prevent fraud*'.

The Fraud Awareness and Education Strategy will focus on the three key pillars of:



Training on specific fraud topics will also be provided to those Members and employees most likely to encounter that type of fraud.

Authorised officers involved in investigatory work will be provided with relevant specific training that meets their needs and allows for continuous professional development.

13. Monitoring Arrangements

The Nominated Chief Officer with responsibility for Counter Fraud will report to the Chief Executive's Assurance Group and the Audit and Governance Committee any actions that they consider are needed to strengthen our arrangements for managing the risk of fraud and corruption.

The Corporate Internal Audit and Fraud team will also report the number of allegations of fraud and corruption that have been received and the outcomes of cases where fraud is concluded from an investigation.

Systems weaknesses identified as a result of an investigation will be addressed through an action plan agreed with the relevant service manager. The Corporate Internal Audit and Fraud team will monitor implementation of the action plan.

Furthermore, the Nominated Chief Officer with responsibility for Counter Fraud will be responsible for ensuring that the ***'Anti-Fraud and Corruption'*** policy is reviewed and updated periodically to ensure it is kept up to date, and in line with any changes in legislation.

Appendix 1

Counter Fraud Briefing Sheet for Employees

- ❖ FBC employees are expected to:
 - act with integrity, honesty, and propriety in all their dealings as a Council representative and lead by example.
 - carry out their duties to the best of their ability for the benefit of the Council and not to take advantage of any situation for personal gain, for themselves, members of their family or friends.
 - take the risk of both internal and external fraud seriously and to follow systems and procedures designed to prevent or detect fraudulent activity.
 - secure all passwords, information, documents, money, equipment etc. in their control which can be stolen or used to perpetrate fraud.
- ❖ All employees are required to bring any concerns they have on the adequacy of control measures to the attention of their line manager.
- ❖ It is the duty of all individuals to report a suspicion of financial irregularity to their manager, the "Nominated Audit Manager" or the Statutory Chief Finance Officer. Such disclosures will be treated in accordance with the Council's Raise a Concern Policy.
- ❖ The Council expects the fullest co-operation from all Members and officers who are called upon to assist with an investigation into suspected fraud and corruption.
- ❖ Managers should ensure that staff are adequately trained to carry out their duties and are aware of how to comply with the Council's policies.
- ❖ Any incident of suspected or identified fraud must be reported to the Corporate Counter Fraud Team or Investigations Team within Housing, Revenues and Benefits, even if it has been dealt with, so that accurate data on the nature of fraud risks can be kept.

Appendix 2

Overview of Policies and Procedures Relevant to the Anti-Fraud and Corruption Policy

