



**Brighton & Hove
City Council**

“Stamping Out Fraud”

Counter Fraud Strategy

March 2009

1. Introduction

- 1.1 Brighton & Hove City Council (the Council) is committed to protecting the public funds that it administers. As with other large organisations, the size and nature of its services puts the Council at risk from loss due to fraud and corruption both internal and external to it.
- 1.2 Far from being a victimless crime, fraud and corruption deprives vital services of the resources that they need.
- 1.3 The Council does not tolerate fraud and corruption and is committed to reducing the opportunity to the lowest possible risk. It will ensure that:
 - Everyone within the organisation or within partner organisations take responsibility for the prevention and detection of fraud and corruption.
 - Key policies and procedures are up to date, effective and there is compliance.
 - A full Fraud Risk Assessment is maintained and an Annual Counter Fraud Programme is compiled, agreed and executed.
 - All suspected cases of fraud and corruption are reported to the Head of Audit & Business Risk, the exception being housing benefit related (non employees) that are reported to the Housing Benefit Investigation Team.
 - All suspected cases of fraud and corruption are risk assessed, investigated fairly and objectively within a clear ethical framework and where found to be present, appropriate action will be taken including disciplinary, criminal, civil or regulatory and any losses recovered.
 - Cases of fraud and corruption are referred to other agencies as appropriate and work jointly including the use of fraud intelligence.
 - Any decision to refer a case (except housing benefits) to the Police will be made by the Head of Audit & Business Risk in consultation, as appropriate.
 - Officers, members and partners receive proper guidance regarding anti fraud and corruption issues.
 - High standards of internal control are achieved and promoted.

- There is a safe environment to report suspected cases of fraud and corruption.
 - Individuals and organisations, e.g. suppliers, contractors and service providers with whom it deals, will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 1.4 An important part of the Council's approach is the Counter Fraud Strategy, which is aimed primarily to guide members and employees on the Council's approach to the serious issues of fraud and corruption. It is also published on the Council's website so that residents, businesses and Council partners are fully aware of the commitment to the prevention and detection of fraud and corruption.

2. What is Fraud and Corruption?

- 2.1 The Fraud Act 2006 created a new general offence of fraud which may be committed in three ways:
- Fraud by false representation (e.g. using a false identity to gain benefits, job or tenancy)
 - Fraud by failing to disclose information (e.g. failing to disclose income when making a claim for benefits)
 - Fraud by abusing a position of trust (e.g. misusing clients funds)
- 2.2 It also created new offences of:
- Obtaining services dishonestly.
 - Possessing, making and supplying articles for use in frauds.
 - Fraudulent trading applicable to non-traders,
- 2.3 Corruption is defined as "the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the body, its members or officers." It may encompass a variety of wrongful acts, such as bribes, kickbacks and abuse of public office. Like fraud corruption is a criminal offence.
- 2.4 Theft is defined by Section 1 of the Theft Act 1968 as "dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it." It therefore includes stealing any property belonging to the Council or which has been entrusted to it including equipment, cash, data, client funds.

3. Corporate Framework and Culture

3.1 The Council has a range of interrelated policies that provide a corporate framework to counter fraudulent activities. These have been formulated in line with appropriate legislative requirements and include:

- Standing Orders and Financial Regulations
- Codes of Conduct for members and employees
- Surveillance Policy
- Sound internal control systems
- Effective Internal Audit
- Disciplinary Procedure
- Fraud & Corruption Response Plan
- Whistleblowing Policy (Confidential Reporting), Anti Fraud hotlines to enable the raising of genuine concerns and suspicions
- Code of Data Matching Practice
- Counter Fraud Prosecution and Sanction Policies

3.2 The Council believes that a culture of honesty and openness is a key element in tackling fraud and mobilises the honest majority to create a strong counter fraud and corruption culture. Council's members, employees, partners, contractors and the public should be in no doubt about its zero tolerance approach and efforts against the dishonest minority.

4. Prevention

The Council recognises that fraud and corruption are costly and is therefore proactive in seeking to design fraud and corruption out of existing and new systems. The Council has robust internal controls covering its assets, people, finances and data.

5. Deterrence

The Council has a counter fraud programme of work to create strong disincentives to those who may be tempted to breach its defence. For example the Council seeks maximum publicity for a successful prosecution where the resulting sentence is considered to be a deterrent to others.

In cases where financial loss to the Council has occurred, it will take appropriate action to recover the loss and costs associated with the action.

6. Detection and Investigation

It is the responsibility of management to maintain an effective internal control environment aimed at preventing and detecting fraud and corruption.

The Council's Financial Regulations require all suspected cases of fraud and corruption (except housing benefits) to be reported to the Head of Audit & Business Risk (verbally or in writing).

The Council will seek to apply appropriate criminal, civil and disciplinary sanctions to all cases of proven fraud and corruption.

7. Awareness and Training

The Council recognises the need for effective fraud and corruption awareness training and responsiveness of members and employees. The Council will ensure that training is provided to all members and employees.

The investigation of fraud corruption centres on the Council's Internal Audit Team for corporate and Housing Benefit Investigation Team for Housing Benefit specific. Learning and Development Plans of staff involved in this work will reflect the need for appropriate current and future training requirements.

8. Conclusion

- 8.1 This strategy is aimed at reducing the Council's losses due to fraud and corruption to make more resources available for the delivery of its services. The strategy fully supports the Council's desire to maintain a culture of openness, fairness, trust and dignity.
- 8.2 The Council has in place a clear framework of systems and procedures to deter and investigate fraud and corruption. It will ensure that these arrangements are fair, monitored and updated to keep pace with future developments in preventative, deterrent and detection techniques.

