BRITISH TRANSPORT POLICE AUTHORITY

ANTI-FRAUD AND CORRUPTION POLICY & RESPONSE PLAN 2011 UPDATE

Author	Sam Elvy
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Policy definitions

Accounting officer The BTP Chief Constable, has day-to-day responsibility, as delegated by the Principal Accounting Officer, for financial accounting arrangements at BTP

ACPO Association of Chief Police Officers

Authority The independent body established by the Railways and Transport Safety Act 2003

BTPA British Transport Police Authority

BTP British Transport Police

Charging Manager Employee of the BTPA responsible for running the 'Charging Model'

Corruption The offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person[1].

CARS Confidential Anonymous Reporting System - an anonymous email system

Executive Staff employed by the Authority to support the appointed Members

Fraud There is no single legal definition of fraud in the UK at present but BTPA chooses to adopt the following, for the purposes of this policy document, which is taken from the Law Commission's suggested definition[2]:

"Fraud would be committed where a person dishonestly

- *Makes false representation, or*
- *Wrongfully fails to disclose information, or*
- *Secretly abuses a position of trust*

with intent to make a gain or to cause loss or to expose another to the risk of loss."

Members An appointed member of the Police Authority

Principal Accounting Officer
The BTPA Chief Executive, has overall responsibility, as appropriately delegated, for financial accounting arrangements for the Police Authority

[1] Definition as used in the Gwent Police Authority, Lancashire Police Authority, Metropolitan Police Authority Anti-Fraud and Corruption Policy Documents.
[2] Law Commission (2002) *Law Commission Recommends a Simpler Law of Fraud*, p2. Accessed at http://www.lawcom.gov.uk/docs/lc276sum.pdf

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British Transport Police Authority
Anti-Fraud & Corruption Policy

1. Introduction

This policy provides a framework for the defining, reporting, and investigating allegations of serious wrong doing in relation to Members of the British Transport Police Authority (BTPA), its Executive staff[3] and the ACPO rank officers of BTP.

For the purposes of the Bribery Act 2010, the Authority considers its activities to be non-commercial at the current time. However, this position will be kept under review and should our circumstances change a new risk assessment will be carried out and the policy updated accordingly.

Any allegations relating to police officers or staff of British Transport Police (BTP) at non-ACPO ranks, or staff equivalents, should be reported directly to BTP and will be investigated in accordance with BTP's standard operating procedures. Any such reports received by the BTPA will be forwarded to the BTP Professional Standards Department for investigation.

1.1 Application of the Policy

1.1.1 Who the policy applies to

This policy is applicable to the Members and Executive of the BTPA and any other individuals or organisations, individuals or contractors carrying out work on behalf of the Authority.

1.1.2 Who can use the policy?

The policy applies to all BTPA Members, Executive staff and third parties conducting business on behalf of the Authority but is intended to be used by all Authority Members, Executive staff, Police Officers, external service providers, and the public, to report suspicions of serious wrongdoing, dishonesty and fraud. This document provides guidance on how to report suspicions of wrongdoing, and how any subsequent investigation should be conducted.

[3] These are the equivalent of Authority Officers in Home Office police authorities

2. Relationship to other policies

This policy complements, and therefore should be read in conjunction with, the following documents:

2.1 Legislation

- Public Interest Disclosure Act 1998
- Fraud Act 2006
- Bribery Act 2010

2.2 BTPA Policies & procedures

This policy is particularly relevant to the BTPA complaints policy but also has links to:

- BTPA Data Protection Act Policy (forthcoming)
- BTPA Freedom of Information Policy 2010
- BTPA Governance Code: Code of Conduct 2010
- BTPA Grievance Policy 2010
- BTPA Sickness and Absence Policy 2010
- BTPA Staff Handbook 2010

2.3 BTP Policies

- Fraud and Employee Responsibilities Standard Operating Procedure (2011)
- British Transport Police (Complaints and Misconduct) Regulations 2008
- British Transport Police (Conduct) Regulations 2008
- British Transport Police Confidential Reporting Policy
- British Transport Police Grievance Resolution Policy and Standard Operating Procedure
- British Transport Police Sickness Absence Standard Operating Procedure
- BTP Confidential Reporting policy
- BTP Gifts and Hospitality policy
- BTP Discipline (Police Staff) policy

2.4 Other external documents

- HM Treasury *Managing Risk of Fraud* 2003
- CIPFA *Delivering Good Governance in Local Government: Interim Guidance for Police Authorities* 2007

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3. BTPA Core Principles

In conducting its business, the BTPA is committed to maintaining the very highest standards of openness, honesty and integrity. As such, the Authority expects that its Members, staff and senior officer team at the BTP will comply with any relevant legislation and adhere to the specific rules and procedures laid out in the policies listed in section 2 above at all times (and in any other related documents produced in the future).

4. Responsibilities under the Policy

4.1 General Responsibilities

The Authority expects that all Members and staff will lead by example and act with honesty and integrity at all times; however, concerns about fraud and corruption may still arise from time to time. The prevention and reporting of actual or suspected fraud and/or corruption is the responsibility of all Members and Executive staff of the BTPA.

4.2 Chief Executive

With effect from 12 April 2010, the DfT has appointed the Chief Executive of the BTPA as Principal Accounting Officer. The Chief Executive has appointed the Chief Constable of the British Transport Police (BTP) as additional Accounting Officer. The changes do not affect the Chief Constable's responsibilities in relation to policing.

In his role as Principal Accounting Officer the Chief Executive should also be alerted to any reports of alleged fraud or corruption received or incidents identified by BTP. This requirement is set out in Annex B of the revised BTPA Governance Code document 2010.

The Principal Accounting Officer will ensure that the Chair of the Audit Committee is advised of any allegations of fraud or corruption received by the Authority or the Force. Where appropriate the Chief Executive will also advise the Department for Transport (DfT) of any such allegations.

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4.3 BTPA Finance Director

The BTPA Finance Director is responsible for advising the Authority on financial propriety. Significant emphasis is placed on the thorough documentation of financial systems, and every effort is made to continually improve and develop these systems in line with modern business practice to ensure that efficient and effective internal controls are in place.

4.4 Chief Constable British Transport Police

As set out in section 4.2 above the Chief Executive of BTPA has appointed the Chief Constable of the British Transport Police (BTP) as additional Accounting Officer. In his role as Principal Accounting Officer the Chief Executive should also be alerted to any reports of alleged fraud or corruption received or incidents identified by BTP. This reporting requirement is set out in Annex B of the revised BTPA Governance Code document 2010.

4.5 Audit Committee

As set out in the 2010 BTPA Governance Code document, the Authority's Audit Committee will carry out general oversight of the development, application and effectiveness of both the BTPA and BTP fraud prevention arrangements.

As part of this duty the Committee will also receive reports and oversee the investigation of any reports of alleged fraud or corruption.

4.6 Managers

All managers have particular responsibilities in relation to ensuring that:

- This policy is effectively communicated and implemented.
- Effective controls are in place within their own areas of responsibility to prevent fraud or corruption, as far as is reasonably practicable.
- They create an open and accessible work environment where staff have confidence in the investigation process.
- Any reports of fraud/evidence received are logged in a timely fashion.
- The appropriate action is taken when any actual or suspected fraud is reported to them.
- The necessary steps are taken to ensure the confidentiality of any report made.

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5. Prevention

Although it is not possible to totally eliminate fraud, the Authority will employ a range of measures to minimise the risk of fraud and corruption, these will include:

5.1 Risk assessment

The Authority will carry out regular (and at least annual) fraud risk assessments[4] to identify areas of practice and procedure which may be open to risk of fraud or corruption. Any risks identified raised on, and managed via, the Authority's risk register and where appropriate this policy will be updated to reflect new areas of risk emerging and our response to them.

5.2 Standing Orders, Financial Regulations and Controls

The Authority will maintain proper financial records and all Members and staff are expected to adhere to the processes set out in the BTPA Governance Code document.

5.3 Member Code of Conduct

Members are expected to follow the Authority Members' Code of Conduct at all times. This document (Annex 1 of the BTPA Governance Code document) sets out the Authority's expectations in terms of general conduct, declaration of personal interests, registration of financial interests, and personal liability.

5.4 Internal control

The Authority has in place, and monitors, procedures and policies in relation to the following;

- Member Allowances
- Member and Executive staff expenses
- Procurement card usage
- Register of gifts and hospitality
- Register of interests

[4] Using the BTPA fraud & corruption risk assessment template at Appendix A

All claims for reimbursement of expenses and any transactions carried out via procurement card are authorised against the terms of the current policies and countersigned before processing for payment.

5.5 Internal Audit

The Authority has established arrangements for Internal Audit in accordance with the Treasury's Government Internal Audit Standards. This function has been established to ensure that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Authority in a timely fashion (where they might prove significant to the Department or material to the Authority).

5.6 External Audit

The Authority also has established external audit arrangements and the external auditor (National Audit Office) has powers to investigate allegations of fraud or corruption. The External Auditor may also provide support or advice on the investigation of an allegation of fraud or corruption.

5.7 Independent assurance on BTPA charging model

Data inputs to the charging model are obtained from external sources that provide written assurance of their accuracy with the datasets. Data inputs and manipulations carried out by the Charging Manager are checked by the BTPA Finance Director and dip-sampled by colleagues at BTP as an initial quality assurance measure. All charges arising from the model are reviewed annually by the BTPA Finance Group and the full Authority. This review seeks to identify and understand material movements in charges from previous years. The Authority's internal and external auditors are also able to review the charges generated by the model on an annual basis as part of the ongoing audit plan and closure of the accounts.

5.8 Recruitment

The Authority has an established recruitment procedure for its Executive staff and senior appointments to BTP. All recruitment activities will involve an appointment panel rather than an individual decision maker and assessment criteria to be applied to all applicants will be established before the first sift takes place. Records of all

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recruitment activities will be retained in accordance with BTPA's records retention and disposal policy.

The Authority will take all practicable steps during the recruitment process to establish a potential employee's good character. This will include following Authority procedures to obtain written references from previous employers or other referees and verifying any qualifications. Due to the nature of the Authority's business all new employees will be subject to a rigorous security check carried out by the Force's Intelligence Bureau and where appropriate employees will be 'Management Vetted' on an annual basis.

5.9 Due diligence

BTPA makes very limited use of people or businesses that perform tasks on our behalf; an example of this would be the panels that carry out our Independent Custody Visiting activities. In these circumstances individuals/organisations are vetted by the service provider (in this instance the service provider is the Metropolitan Police Authority) and claims for payment or expenses are subject to the same scrutiny as other employees or contractors.

5.10 Training

All staff will receive a basic level of training on the Authority's Standing Orders and Financial Regulations so that they have a general understanding of the conduct expected from both staff and Members which will cover;

- Definitions of fraud and corruption
- Specific and general expected conduct and responsibilities
- Mechanisms for recording suspected fraud or corruption
- The process for investigating allegations of fraud and corruption

6. Reporting Mechanisms

6.1 How to make a report

As set out in section 1.1.2 above, this policy applies to all BTPA Members, Executive staff and third parties conducting business on behalf of the Authority. It is intended to be used by all Authority Members, Executive staff, Police Officers, external service providers, and the public to report suspicions of serious wrongdoing, dishonesty and fraud.

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There are several ways in which wrongdoing can be reported to the Authority, all of which will be treated confidentially by the person(s) receiving the report and those conducting any subsequent investigation. Details of how to report suspected fraud or corruption are set out in the diagram at Appendix B and in our leaflet *'Reporting Suspected Fraud or Corruption'* attached to this policy document at Appendix C.

It is recommended that all formal allegations be made in writing whenever possible. However, there may be circumstances where this is not possible and on these occasions the Authority will take reasonable steps to capture an accurate and agreed written record of the allegation.

6.2 Possible incidences of fraud/corruption arising at BTP

As set out in Section 4.2 above, any reports received, or incidences of fraud identified, by BTP should be communicated to the Authority at the earliest opportunity.

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7. The Investigation Process

7.1 Responding to an allegation of fraud or corruption

The Authority's response to an allegation of fraud or corruption will depend on the nature and severity of each individual allegation; though for guidance the Authority's overarching process for investigating each allegation is set out below. Individuals who make an allegation of fraud or corruption should expect to be supported through the investigation process by the person conducting any subsequent investigation.

7.2 Initial response to a report

All reports made to the Authority will be recorded and acknowledged in writing (or by telephone or email where this is indicated as the preferred medium) within 10 days of receipt. This initial correspondence will set out:

- A confirmation of the details of the allegation received
- How the Authority intends to deal with the allegation (this may be resolved informally, a formal internal investigation, or an external criminal investigation depending on the severity of the alleged activities)
- The likely timeframe for any investigation
- Any further information required

7.3 The investigation process

As a guiding principle, the Authority will follow these steps when investigating an allegation of fraud or corruption:

1. A manager will be appointed to oversee the initial stage of the investigation; depending on the nature of the allegation this is likely to be the Authority Chair or Chief Executive. However where serious allegations of fraud are made the Authority Finance Director will be appointed to manage the investigation (the Authority Finance Director may decide that it is necessary to inform the Members of Authority of the allegation) and all allegations made against Members will be overseen by the Chief Executive. The purpose of appointing a case manager is to ensure that the investigation is carried out in an effective and efficient

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manner. Depending on the nature of the allegation the Internal and External Auditors may also be informed at this stage.

2. The investigation manager will gather any other evidence needed to support the investigation this may include reviewing written financial records or conducting interviews. Any investigation will need to take into account the requirements of criminal law and the Authority's other disciplinary arrangements and procedures. As such the initial investigation should not compromise any subsequent criminal or disciplinary investigation; in particular advice should be sought at the earliest opportunity to establish whether the alleged act constitutes a criminal act.

3. After the initial evidence gathering stage of the investigation has been concluded, the case manager will decide what the next steps should be. This may be to resolve the allegation informally, resolve the allegation formally by internal disciplinary processes, or the case may be referred for external investigation by the police or other body.

7.4 Feedback on progress and outcomes

The person making the initial allegation will be kept informed of progress if they request this at the time of making the report, providing that there are no overriding confidentiality or legal constraints. The Authority will also take into account the wider implications of any findings resulting from the investigation. This could be a need to review existing policies or procedures, or to develop new policies or procedures to close gaps which may leave the Authority vulnerable to corruption or fraud in the future.

8. False or Malicious Allegations

The Authority will make very effort to establish the validity of any report of wrongdoing as part of the investigation. Where a report is found to be intentionally false, deliberately misleading, or malicious this will be dealt with as a serious matter. Where such an allegation in made by a member of BTP or BTPA staff this will be treated as a disciplinary matter and misconduct procedures will be initiated.

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9. Outcomes

9.1 Penalties

In the event that BTPA's investigations reveal evidence of fraudulent, corrupt or dishonest behaviour, the Authority will take appropriate steps which may include disciplinary and/or legal action. Steps may also be taken to recover losses resulting from the fraud and a civil action against the perpetrator may be appropriate. Investigations will also consider whether there has been any failure of supervision and where it is clear that this has occurred appropriate disciplinary action will be taken against those responsible.

9.2 Findings and lessons learned

The findings and outcomes of any investigation will be reported to the Authority's Audit Committee.

10. Monitoring the Policy

The policy, and any reports or investigations related to it, will be regularly monitored by the Authority's Professional Standards Committee.

11. Contact Details

Reports of suspected wrongdoing can be made to:

Chief Executive;
British Transport Police Authority
5th Floor North
The Forum
74-80 Camden Street
London
NW1 0EG
Tel: 020 7383 0259

BTP Professional Standards Department
British Transport Police
25 Camden Road
London
NW1 9LN

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Secretary of State for Transport
Department for Transport
Great Minster House
76 Marsham Street
London
SW1P 4DR

CARS: accessed via the BTP Intranet

If you would like a copy of this policy in an alternative format or language please contact the Chief Executive at the address above.

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APPENDIX A

Identified fraud risks	Likelihood	Significance	Department and/or post	Existing Anti-fraud controls	Controls Effectiveness Assessments	Residual Risks/Level	Fraud Risk Response
FINANCIAL REPORTING							
Revenue							
Receipts recorded in incorrect periods	Remote/possible/very likely	Insignificant/material/ significant	Business Finance PPS CEO			Low/medium/high	
Expenditure							
Holding bills for payments	See above	See above	See above			See above	
Improper coding of bills							
Misclassification of balances							
Income and expenditure incorrectly reported							

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MISAPPROPRIATION OF ASSETS							
Cash/cheques							
Not properly recorded/processed on receipt							
Accounts payable/expenditure on procurement card							
Fictitious transactions							
Claims made for ineligible expenses							
Inaccurate invoices submitted							
Unauthorised Procurement Card Transactions							
Payroll							
Unauthorised payroll adjustments							
Inaccurate payroll claims							
Capital assets							
Theft by employees							
Theft by others							

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CORRUPTION							
Kickbacks/conflict of interest							
Contracts improperly awarded							
Inputs/outputs to charging model adjusted to favour particular PSA holders in reward for personal financial gain							
Recruitment process not followed and advantage is given to a given candidate for financial or other reward							
Performance review/discipline process is not properly followed for financial or other reward							

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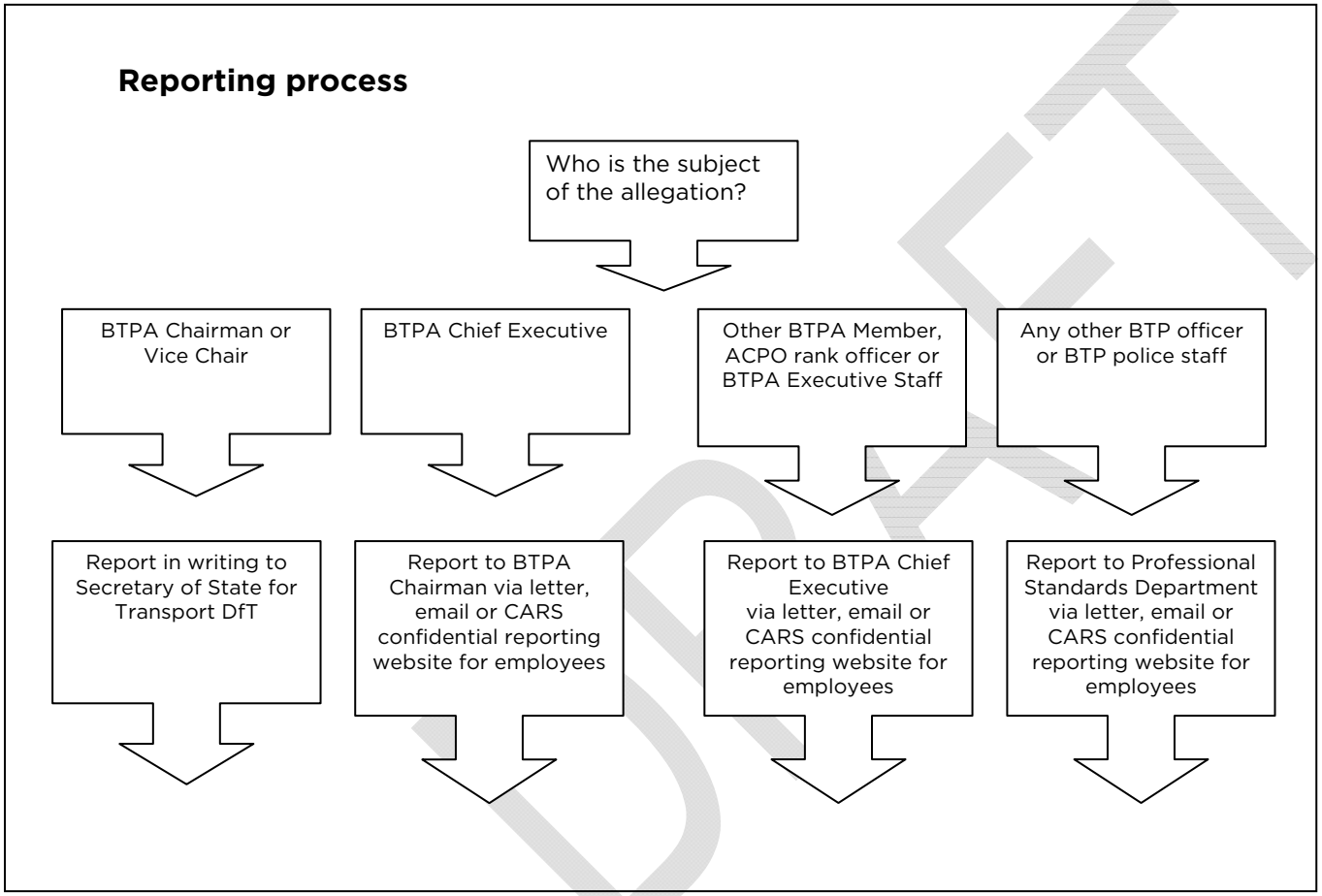
APPENDIX B



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APPENDIX C

What is Fraud and corruption?

Fraud: There is no single legal definition of fraud in the UK at present but BTPA chooses to adopt the following, for the purposes of this policy document, which is taken from the Law Commission's suggested definition[5]:

"Fraud would be committed where a person dishonestly makes false representation, or wrongfully fails to disclose information, or secretly abuses a position of trust with intent to make a gain or to cause loss or to expose another to the risk of loss."

Corruption: The offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person to the detriment of the BTPA[6].

How to Report Suspected Fraud or Corruption

There are several ways in which wrongdoing can be reported to the Authority, all of which will be treated confidentially by the person(s) receiving the report and those conducting any subsequent investigation. Reports should be submitted in writing (either by letter or email), or by telephone. Reports can be made anonymously, although it may be necessary to identify a person who reports wrongdoing if they are later called as a witness in a criminal investigation.

Making a Report to the Police Authority

Reports of fraud or corruption which relate to Authority Members or Executive Officers should be made directly to the Chief Executive to the Authority. Reports which relate to the Chief Executive should be made directly to the Chair of the Authority.

Making reports via 'CARS'

The British Transport Police operates a confidential email reporting facility for employees called CARS which allows officers and civilian staff to anonymously report suspected wrongdoing. The facility is accessed via the BTP Intranet site and reports are passed to the Force's Professional Standards Department; any allegations made about members of the Chief Officer Group will be forwarded to the Authority for investigation.

What information should you include in your report?

In order to investigate any allegation of fraud or corruption as efficiently and effectively as possible, as much

[5] Law Commission (2002) *Law Commission Recommends a Simpler Law of Fraud*, p2. Accessed at http://www.lawcom.gov.uk/docs/lc276sum.pdf

[6] Definition as used in the Gwent Police Authority, Lancashire Police Authority, Metropolitan Police Authority Anti-Fraud and Corruption Policy Documents.

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detail as is available should be included in the initial report. Ideally this information should include:

- The name of the person/persons involved in the alleged fraud or corruption
- The exact date(s) or timeframes within which the wrongdoing took place
- The exact nature of the wrongdoing

The Forum
5th Floor North, 74-80 Camden Street,
London, NW1 0EG
020 7383 7708
Andrew.figgures@btp.pnn.police.uk

REPORTING SUSPECTED FRAUD OR CORRUPTION

BRITISH TRANSPORT POLICE AUTHORITY

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