



# **Anti-Fraud & Corruption Policy 2020-2024**

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## Policy Statement

The Council has a zero tolerance to fraud and bribery.

The Council will take positive action regarding any improper practices that are identified and will deal with perpetrators from within and outside the Council.

The Council will consider taking legal and/or disciplinary action where there is evidence of fraud or bribery occurring. This will include referring matters to the Police for criminal investigations.

It is expected that Members and employees at all levels will adopt the highest standards of propriety and accountability and will lead by example in ensuring adherence to rules, procedures and agreed practices.

Employees and Members will not pay bribes or offer improper inducements to anyone for any purpose; they will also not accept or solicit bribes or improper inducements.

The Council also expects that individuals and organisations (for example, the public, suppliers / contractors), which it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or bribery. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.

The protection of the public purse is everyone's responsibility.

## 1 Introduction

- 1.1. This framework represents a commitment by the Council to protect public funds and to ensure that all Council activities are carried out in accordance with the principles of openness, honesty and integrity.
- 1.2. In carrying out its functions and responsibilities the Council is fully committed to deterring fraud and bribery, whether it is attempted on or from within the Council. The Council is committed to an effective anti-fraud and bribery strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts – **prevention**;
  - enable any such acts to be **detected** at an early stage; and
  - deal with any subsequent **investigations** in a prompt, thorough and professional manner.

1.3. The policy will apply to all employees, contractors, consultants, vendors and other internal and external stakeholders.

1.4. The Fraud Act 2006 defines fraud as:

A dishonest act (or a failure to act) made with the intention of making a financial gain or causing a financial loss (or risk of loss).

The dishonest act does not need to be successful for fraud to be committed, as long as the intention exists. Neither does the financial gain have to be personal but can be for the benefit of another. Where the intent is to cause a loss to the organisation, no gain by the perpetrator needs to be shown.

1.5. The Fraud Act 2006 is the relevant legislation. The Act includes eight separate offences; those most applicable to the Council and this policy are:

**Fraud by false representation** - is defined by Section 2 of the Act. A person may be guilty of an offence if he dishonestly makes a false representation, and intends, by making the representation to make a gain for himself or another, or to cause loss to another. For example, an employee claiming travel expenses for journeys they have not done, or an individual claiming for benefits which they are not entitled to.

**Fraud by failing to disclose information** - is defined by Section 3 of the Act. A person may be guilty of an offence if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and intends, by failing to disclose the information to make a gain for himself or another, or to cause loss to another. For example, failing to disclose criminal convictions when asked to do so as part of the recruitment process, in order to obtain employment.

**Fraud by abuse of position** - is defined by Section 4 of the Act. A person may be guilty of an offence if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss. For example, a manager creating ghost employee's and paying the salaries into his/her own bank account.

**Possession of articles for use fraud(s)** - is defined by Section 6 of the Act. A person may be guilty of an offence if he has in his possession or under his control any article for use in the course of or in connection with any fraud. For example, using a false passport or other documentation to secure employment.

**Making or supplying articles for use in fraud(s)** - is defined by Section 7 of the Act. A person may be guilty of an offence if he makes, adapts, supplies or offers to supply any article knowing that it is designed or adapted for use in the course of or in connection with fraud, or intending it to be used to commit, or assist in the commission of, fraud. For example, producing a claim form in another individual's name with the intention of obtaining the money for personal use, or supplying the claim form to another.

1.6. The Bribery Act 2010 defines bribery as:

“the giving or taking of a reward in return for acting dishonestly and/or in breach of the law. The reward could relate to money, payment in kind, goods or services”

1.7. There are four offences under the Bribery Act:

**Offence of bribing another person** - is defined by section 1 of the Act. It is also an offence for a person to offer, promise, or give a bribe to another person as an inducement for them improperly performing any duty. For example, providing excess hospitality to a potential purchaser or commissioner of the organisation's services.

**Offence of being bribed** - is defined at section 2 of the Act. It is an offence for a person to request, or agree to receive, or accept a financial or other advantage as an inducement to, or as a reward for, the improper performance of any function or activity. For example, where an employee who sells confidential information to a third party or provides preferential treatment to suppliers or customers for a fee.

**Failure of a commercial organisation to prevent bribery** – is defined within section 7 of the Act. If an individual bribes another person to obtain or retain business, or an advantage in the conduct of business for an organisation, then that organisation may also be guilty of an offence. For example if a council fails to put adequate controls in place to prevent bribery and an employee offers a bribe to a supplier.

1.8. This framework outlines the mechanisms whereby the Council will deliver

its policy commitment to its partners, customers, contractors and to the general public. It also contributes to the Council's defence against an allegation of failure to prevent bribery.

- 1.9. The framework covers a series of measures designed to frustrate any attempted bribery or fraudulent act; these are grouped under the following headings:
  - Culture
  - Prevention
  - Detection and Investigation
  - Training
- 1.10. The Council's Whistleblowing Policy also encourages everyone to disclose concerns about potential fraud and bribery and therefore should be read alongside this policy.
- 1.11. If Members, managers, employees (covers Agency Staff, Temporary Workers, Casuals and Volunteers) or members of the public are unsure of the appropriate action to take in relation to the items contained in the framework then they should contact one of the officers detailed at 2.12 for advice and guidance.

## **2 Culture**

- 2.1. The culture and tone of the Council will continue to be one of honesty and opposition to fraud and bribery.
- 2.2. The culture and procedures established by the Council are intended to ensure that high standards in public life are embedded throughout the Authority. It is expected that Members and employees at all levels will adopt the highest standards of propriety and accountability and will lead by example in ensuring adherence to rules, procedures and agreed practices.
- 2.3. Some examples of the rules and procedures include:
  - Financial Regulations & Procedure Rules and Procurement Procedure Rules;
  - Codes of Conduct for employees and Members (including guidance on gifts & hospitality and declarations of interest);
  - Scheme of Delegations;
  - HR Policies and Procedures;
  - Departmental policies and working practices.
- 2.4. The Council also expects that individuals and organisations (for example, the public, suppliers/contractors), which it comes into contact with, will act towards the Council with integrity and without thought or actions involving

fraud or bribery. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis. The protection of the public purse is everyone's responsibility.

- 2.5. All Members and employees play an important part in creating and maintaining the culture within the Council. Everyone is therefore positively encouraged to raise any concerns that they may have regarding fraud and bribery in any of the activities of the Council in the knowledge that such concerns will, wherever possible, be treated in the strictest confidence and investigated properly.
- 2.6. All Members and employees should act appropriately in all dealings and guidance on appropriate behaviour is available in the form of Codes of Conduct for Members and employees and in some cases service specific policies and codes of practice. Service Areas will review the risk of fraud and bribery and where necessary develop specific guidance to reduce the opportunities available or increase detection of offences.
- 2.7. The Council will take a robust approach in all cases of suspected financial malpractice, fraud or bribery and will always seek to refer cases of suspected fraud and bribery to the Police for investigation.
- 2.8. Any Member or employee who attempts to defraud the Council, who acts corruptly or who is involved in bribery will be dealt with swiftly. Where appropriate following proven fraud or bribery the Council will implement its disciplinary procedures or make a referral under the Standards process for Members. Any investigation of an employee would follow the Council's disciplinary process and any investigation of Members would follow the Standards Process.
- 2.9. Where it is found that fraud or bribery has occurred due to a breakdown in the Council's systems or procedures, Management will ensure that appropriate improvements in systems of controls are implemented in order to prevent a reoccurrence.
- 2.10. Unless there are good reasons to the contrary, any allegations received by way of anonymous letters or telephone calls will be taken seriously and investigated in an appropriate manner. Further information on the protection that is offered to employees and others who raise concerns is contained in the Council's Whistleblowing Policy.
- 2.11. The Council needs to ensure that any investigation process is not misused and, therefore, any abuse of procedures such as raising malicious and unfounded allegations may be dealt with as a disciplinary matter.

### **Reporting Concerns – Employees / Elected Members**

- 2.12. Employee concerns should be raised in the first instance directly with your Executive Manager, Service Manager or Lead Specialist. If the individual feels that this is not appropriate then any of the following people may be approached:

- The Chief Executive;
- The Section 151 Officer - Executive Manager - Finance and Corporate Services;
- The Monitoring Officer
- Internal Audit;
- Any member of the Executive Management Team;
- The External Auditor;
- Trade Union Representative.

2.13. Elected Members are also encouraged to report their concerns with any of the above.

2.14. In certain circumstances you may wish to contact an appropriate external body – for example, Trade Union to **raise** the concern on your behalf.

### **Reporting Concerns – Members of the Public, Suppliers, Contractors**

2.15. Members of the public and the Council's suppliers/contractors are also encouraged to report concerns to the Council via the any of the contacts listed at 2.12.

2.16. For **Housing Benefit Fraud Allegations**, benefit fraud investigations are now undertaken by the Department for Work and Pensions (DWP) by the Single Fraud Investigation Service. Details of how to report suspected benefit fraud can be found on the Council's [benefit fraud](#) webpage.

## **3 Prevention**

3.1. The Council is required to establish procedures for the scrutiny of its own functions to ensure that there are proper arrangements in place to administer the Council's financial affairs. This internal scrutiny occurs as a result of:

- Responsibilities arising from section 151 of the Local Government Act 1972 responsibilities and Section 114 Local Government Finance Act 1988;
- the establishment of a sound Internal Audit function in accordance with the Accounts and Audit Regulations 2015; and
- the responsibilities placed on the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

3.2. The Council's activities are also subjected to a high degree of external scrutiny by others including:

- Local Government Ombudsman;
- National Audit Office;



- External Auditors;
- Central Government Departments;
- HM Revenues and Customs;
- The Department for Work and Pensions; and
- The general public.

### **Fraud Risks**

- 3.3. In order to ensure the Council is able to effectively target its resources, a council wide fraud, bribery and corruption risk assessment will be undertaken by Internal Audit every three years to identify the main risks and challenges facing the organisation.
- 3.4. Any fraud risks identified through the fraud risk assessment will be recorded and managed by the relevant Service Manager as part of their regular operational risks and will be periodically reviewed to ensure that they reflect any changes in the level of exposure.
- 3.5. Detailed fraud, bribery and corruption risk assessments will be completed for any high-risk areas identified through the overarching risk assessment, to ensure appropriate controls are in place to mitigate against the fraud risks.
- 3.6. Proactive Internal Audit reviews to determine the effectiveness of fraud prevention measures, and identify potential fraud cases, will also be considered for any areas of significant risk identified through the fraud risk assessment. These reviews will be approved and managed in line with the Internal Audit annual plan.
- 3.7. Where control weaknesses are identified an action plan will be developed with the relevant Service Manager to ensure the controls to prevent fraud are strengthened. If appropriate, the lessons learnt will be shared with other service areas.

### **Employees**

- 3.4 The Council recognises that a key preventative measure in dealing with fraud and bribery is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees. This applies to permanent, temporary and casual posts where identity checks and asylum/immigration checks are performed as part of the induction process.
- 3.5 The Council has a formal procedure for recruitment and it is important that this is complied with, especially in relation to the verification of all qualifications and the obtaining of written references to ascertain the honesty and integrity of potential employees. The Council will follow an open and fair recruitment process without favouritism or canvassing for all posts.

- 3.6 The Council's Financial Regulations and Procedure Rules, Procurement Procedure Rules and Code of Conduct for Employees govern all employees. In addition to the Council's rules many employees will also be required to comply with the standards and ethical requirements laid-down by their professional bodies. The Council will report known impropriety to the relevant Institution for them to consider appropriate disciplinary action. These key policies provide the operational framework for the Council and create a culture which seeks to minimise the risk of fraud or bribery occurring.
- 3.7 All employees must ensure that they declare all outside interests in accordance with the Code of Conduct for Employees and any departmental policies. Employees need to ensure personal integrity in all transactions. Where a conflict of interest may occur then the employee should not become involved in the transaction and should inform their line-manager.
- 3.8 All private employment/outside commitments performed by employees must be declared to the Council and approved in advance. Private work should be carried out in hours when the employee is not employed by the Council and should not be conducted from Council Premises or using Council tools and equipment. Further details on private work can be found in the Code of Conduct for employees.
- 3.9 Public duties are slightly different and the Council has a separate policy which allows a set amount of paid time off to conduct these duties where they are recognised public duties (for example, School Governors, Magistrates). However public duties must still be declared as an outside interest.
- 3.10 Employees need to ensure that declarations relating to outside interests and private works are kept up to date with any changes as and when they occur.
- 3.11 Employees must never accept gifts of cash regardless of the value. It is a serious criminal offence for an employee to receive any fee or reward other than their proper remuneration for carrying out their duties.
- 3.12 Employees also need to follow the Council's rules set out in the Code of Conduct on the giving and receiving of gifts, hospitality and sponsorship to other individuals and organisations.
- 3.13 An employee should not seek or offer any incentive or reward in return for acting in a particular way or reaching a particular decision as this would constitute a criminal offence under the Bribery Act.

### **Managers (Executive Managers, Service Managers & Lead Specialists)**

- 3.14 All Managers should lead by example and ensure that there is a zero tolerance approach to fraud and bribery within the Council and should strive

to create an environment in which their staff feel able to approach them with any concerns they may have. Managers should ensure that their staff and all suppliers, contractors and partner organisations that they work with are aware of this policy and any responsibilities that are placed on them.

- 3.15 Managers are responsible for ensuring that all internal controls within their area of responsibility are effectively maintained. They should investigate any potential weakness in these controls due to factors such as the level of vacancies, sickness absence or annual leave and where possible look to ensure controls remain effective and operational.
- 3.16 The Council has developed and is committed to continually improving systems and procedures incorporating efficient and effective internal controls, including the provision of adequate separation of duties. Service Managers have a responsibility to ensure that all systems of internal control, including those in a computerised environment, are operating effectively and documented adequately. Managers are therefore required to give reasonable assurance that internal controls within their service are operating effectively.
- 3.17 All processes and activities need to be designed to be open and transparent and be designed to reduce the opportunities for fraud, bribery or corrupt acts to occur. Managers are encouraged to consult with Financial Services when they are looking to change working methods to ensure appropriate controls are built in.

### **Elected Members**

- 3.18 The activities and conduct of Members are governed by:
- the Council's Constitution;
  - Code of Conduct for Members.
- 3.19 These matters are specifically brought to the attention of Members in the Induction pack and include the declaration and registration of potential areas of conflict. Members are advised of new requirements on them as and when they occur by the Monitoring Officer and Democratic Services.
- 3.20 Members must ensure that they act appropriately in all circumstances and should not seek or offer any incentive or reward in return for acting in a particular way or reaching a particular decision. Members may be acting corruptly if they attempt to use their position as an elected member for their own or anybody else's personal gain or loss. This could also constitute an offence under the bribery act.
- 3.21 Section 30 of the Localism Act provides that a member on taking office must notify the authority's monitoring officer of any disclosable pecuniary interest which that person has at the time. It is important that all Members promptly complete and return their Declaration of Interests upon election and at any time when there are changes to their outside interests in accordance with

the Code of Conduct. Any failure to declare an interest may lead to action being taken against the Member under the Standards process and maybe a criminal offence.

- 3.22 Members must also comply with the rules relating to the receipt of gifts and hospitality when considering if they can be accepted or not. Any gift must be declared to the Council's Monitoring Officer and recorded in the Gifts and Hospitality Register in accordance with the Council's Code of Conduct for Members.

### **Contractors/Suppliers**

- 3.23 The Council expects contractors and suppliers to have a zero tolerance approach to fraud and bribery and to establish appropriate procedures to ensure that their dealings with the Council are open and honest.
- 3.24 Prospective contractors and suppliers will be vetted as part of the Procurement selection process. The Council has a mandatory obligation under Regulation 57 of the Public Contracts Regulations 2015 to exclude suppliers of work, goods, materials or services from bidding for public sector contracts when they or a Director has been convicted of a fraud or bribery offence.

### **Role Conflict and Separation**

- 3.25 Members and employees must always ensure that they avoid situations where there is a potential role conflict. Such situations can arise where there is externalisation of services or tendering situations. Members or employees close friends/relations may work for companies tendering for work being let by the Council and it is therefore necessary to be open and honest where such conflicts occur. The relevant declarations of interest should be made and you should consider withdrawing yourself from the decision making process. Members and employees are encouraged to seek advice and to err on the side of caution if they feel that they may have a conflict of interest in a decision being made that would benefit themselves or a close friend or relation.
- 3.26 Effective role separation will ensure that the decisions made by the Council are based upon impartial advice and avoid questions about the improper disclosure of confidential information. This is particularly important where one part of the Council may be tendering for a Council contract in competition with external companies.

### **Systems**

- 3.27 The Council's Code of Conduct for Employees and Financial Regulations & Procedure Rules along with other Council documents and policies require employees to act in accordance with best practice and regulations.
- 3.28 The Executive Manager – Finance and Corporate Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to

ensure the proper administration of the Council's financial affairs. The Council's Financial Regulations & Procedure Rules and Procurement Procedure Rules which outline systems, procedures and responsibilities are widely publicised to employees and should be complied with at all times.

- 3.29 Significant emphasis has been placed on thorough documentation of key systems and these are continually reviewed and developed in accordance with best practice to ensure efficient and effective internal controls and adequate separation of duties.
- 3.30 The Internal Audit Service independently monitors and reviews the internal control systems established by managers in accordance with the Audit Plan.

### **Co-operation with Others**

- 3.31 Information sharing protocols are in place to encourage the exchange of information on national and local fraud and bribery activity in relation to Local Authorities with external agencies such as:

- Other local authorities and statutory authorities;
- Chief Financial Officer Group;
- the Police;
- local, regional and national auditor networks;
- National Audit Office;
- the National Anti-Fraud Network;
- The National Fraud Authority;
- the Serious & Organised Crime Agency; and
- Government Departments and Agencies.

3.32 The Council is a statutory participant in the National Fraud Initiative (NFI). The Council submits data that it holds on various systems such as Housing Benefits, Council Tax, Insurance Claims, Creditor Payments and Licences. This data is then matched with data provided by other public sector bodies to identify potential frauds. More information on the NFI can be found on the Council's [fraud prevention](#) webpage.

## **4 Detection and Investigation**

- 4.1 There are numerous systems of control in place to deter fraud and bribery, but it is often the vigilance of employees and members of the public that aids detection. Frauds are often discovered by chance or

following a “tip-off” and arrangements are in place to enable such information to be dealt with appropriately. The process for following up information is contained in the Fraud Response Plan below.

- 4.2 All cases of suspected or proven fraud, bribery or other impropriety must be notified to the Chief Executive or the Council’s s151 Officer, who in turn will notify Internal Audit as soon as possible. A central record will be maintained and a determination as to whether further work is needed to examine the appropriateness of the control framework in place in the area. Any suspected fraud, bribery or corrupt practice involving elected Members will be reported to the Monitoring Officer by the Chief Executive or the s151 Officer.
- 4.3 Early reporting is essential to the success of this strategy and the swift referral of cases of suspected fraud or bribery to the Chief Executive or the s151 Officer will:-
- ensure the consistent treatment of information regarding fraud and bribery;
  - ensure the proper implementation of a fraud investigation in accordance with the Council’s Fraud Response Plan;
  - allow for the identification of any implications in relation to Money Laundering/Proceeds of Crime Act and the relevant external notifications to be made; and
  - adhere to the Council’s Anti-Money Laundering Policy which is attached at Appendix A.

#### **Detective Exercises**

- 4.4 The Council will undertake appropriate detective exercises to proactively identify potential fraud cases in high risk areas. These reviews can be initiated by the relevant Service Manager, or undertaken by Internal Audit as part of their annual plan.
- 4.5 This includes the review of potentially fraudulent matches identified through the National Fraud Initiative (NFI).

#### **Fraud Response Plan**

- 4.4 Usually, an initial investigation will be carried out which will aim to confirm or disprove the initial suspicion or allegation by obtaining and thoroughly evaluating all material evidence so as to establish the facts. Where observations or surveillance are required this will be properly authorised and carried out in accordance with the Regulation of Investigatory Powers Act (RIPA) and the Council’s own RIPA policy.
- 4.5 The investigating officer (from Internal Audit) will:

- Deal promptly and confidentially with the matter;
  - identify all those involved;
  - have unhindered access to employees, information and other resources as required for investigation purposes;
  - collect and record all evidence to support the allegation, and ensure that it is held securely;
  - liaise as necessary with the relevant member of the Executive Management Team and outside agencies where appropriate.
- 4.6 The Chief Executive or the Executive Manager - Finance and Corporate Services, as s151 Officer, has the authority to determine whether to refer allegations of suspected fraud and bribery to the Police for prosecution. In most cases the Police will be invited to carry out a fraud or bribery investigation. Where the Police decide to investigate the Internal Audit section will work alongside them to conduct an internal investigation and disciplinary action will be taken at the appropriate time.
- 4.7 At the conclusion of the investigation a report will be made to the Chief Executive, the relevant member of Executive Management Team, the s151 Officer and the Monitoring Officer. If one of these officers' is potentially implicated in the investigation then they will be excluded from the reporting process.
- 4.8 All employees engaged in the investigation of potential fraud and bribery will ensure that the strictest standards are adhered to, in particular regarding the confidentiality of the investigation. This is especially important due to the fact that:
- Allegations and suspicions may turn out to be unfounded and hence embarrassment for the accused and the Council is spared;
  - Where fraud has occurred breaches in confidentiality could alert the suspect and give them the opportunity to cover their tracks or destroy evidence.
- 4.9 **Employees** - In accordance with the Council's Disciplinary Policy & Procedures, management has the prime responsibility for investigations into the conduct of employees. However, in accordance with Financial Regulations & Procedure Rules, Internal Audit shall carry out an investigation in conjunction with the relevant member of the Executive Management Team or Service Manager in accordance with proper practice. The s151 Officer should be kept informed of progress regarding the investigation of suspected fraud or bribery. In most cases an appropriate officer and/or the Internal Audit Manager will be appointed as joint Investigating Officers and the investigation will be conducted and reported to management in accordance with the Council's Disciplinary Scheme.

4.10 **Members** – Investigation of Members will be carried out by the Monitoring Officer. The outcome of investigations will be referred where relevant to the Standards Committee and if appropriate the police.

4.11 **External Frauds**- Where the allegation of fraud does not implicate an employee then the Internal Audit Manager will conduct the investigation.

#### **Housing Benefit Fraud**

4.12 Housing Benefit fraud investigations are now undertaken by the Department for Work and Pensions (DWP) by the Single Fraud Investigation Service. Details of how to report suspected benefit fraud can be found on the Council's website. However, where the Housing Benefit fraud involves a Member the Chief Executive and the Monitoring Officer will be consulted and kept informed. The s151 Officer and Internal Audit will be consulted and kept informed in relation to any Housing Benefit Fraud committed by employees. Members or employees found to have committed housing benefit fraud may also be subject to Standards or disciplinary action.

#### **Prosecution Policy**

4.13 The Council will look to prosecute all those accused of committing fraud, theft, or bribery against the Council. In most cases the Council will refer the matter to the Police for an independent prosecution.

4.14 Where an employee is found to have been involved in fraudulent or corrupt activity or bribery the Council will look to take further action in accordance with the Disciplinary Policy. Where Members are found to be involved in fraudulent or corrupt activity the Monitoring Officer will be informed and the matter will be referred for a Standards Investigation.

4.15 The Council will also aim to recover from the perpetrators any losses that it sustains as a result of fraud and corruption. Where appropriate, the Council will publicise the results of any action taken, including prosecutions, with regard to fraud and corruption activity perpetrated on the Council.

4.16 Where a genuine mistake or error is discovered the Council will not look to prosecute but will provide training and advice to the employee/Member and possibly look to revise systems and procedures to prevent similar actions occurring in the future.

#### **Support for Witnesses During an Investigation / Prosecution**

4.17 The Council recognises that the decision to report a concern or to give evidence as part of an investigation is often a difficult one to make not least because of the fear of reprisal from those responsible for the malpractice. However, where there are genuine concerns then the witness has nothing to fear as they are fulfilling a duty to the Council and to those for whom it provides services.

4.18 The Council will be as supportive as possible to witnesses during an



investigation. Harassment and victimisation (including informal pressure) will not be tolerated. If as a result of providing evidence in the public interest the witness experiences any pressure the Council will take action to protect them. Any employee or Member who is found to be victimising anyone who is providing evidence to an investigation may face action under the Standards or disciplinary procedures.

- 4.19 The Council will take all possible steps to maintain the confidentiality of a witness throughout the process where they have expressed a preference for their name not to be disclosed. However, it is recognised that this may not always be possible. In the event that the investigation requires confidentiality to be broken then the witness will be informed in advance.
- 4.20 The Council will take steps to minimise any difficulties that the witness may face as a result of providing evidence to an investigation. For example, where the person is required to give evidence at a criminal or disciplinary proceeding then the Council will arrange for them to receive advice and support about the process that they will have to go through.

### **Reflecting on an Investigation**

- 4.21 The Council is a learning organisation which takes every opportunity to review processes and make improvements to services to ensure our residents continue to receive high quality services at the best possible cost. Following a fraud investigation, the Council will convene a group to review investigatory findings and establish whether any changes need to be made to prevent future fraudulent activity or whether further staff training or revised documentation is required.

## **5 Training and Information**

- 5.1 The Council acknowledges the importance of ensuring that Members and employees are fully aware of their personal responsibilities and will ensure appropriate training is provided.
- 5.2 There are a number of key documents which set-out responsibilities and these include:
- Codes of Conduct for Members;
  - Code of Conduct for Employees (including Gifts and Hospitality Guidelines);
  - Financial Regulations & Procedure Rules and Procurement Procedure Rules;
  - Whistleblowing Policy;
  - The Constitution;
  - Relevant Professional Ethical Codes or frameworks.

- 5.3 The Council will ensure that all employees are made aware of their responsibilities under this policy as part of their induction process as well as ensuring that they are aware of the relevant reporting procedures.
- 5.4 The Council recognises that the continuing success of this strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees throughout the organisation.
- 5.5 Managers will also ensure that all contractors/suppliers are aware of the existence of this framework and their responsibilities under it.
- 5.6 This framework will also be made available to contractors and the public by publishing it on the Council's website.
- 5.7 In addition to the above actions the Council will review its services to identify those most at risk of fraud and bribery and where necessary develop additional guidance and procedures to address any significant risks identified.

## **6 Monitoring and Review**

- 6.1 The Council has in place a clear network of systems and procedures to assist it in dealing with fraud and bribery.
- 6.2 The s151 Officer – Executive Manager - Finance and Corporate Services will maintain a continuous overview of the arrangements in place to ensure that they are consistently applied and that all action taken is proportional. This framework will be reviewed and updated periodically to follow best practice and other changes.
- 6.3 Monitoring on the application of the framework, including allegations not proven or false allegations will be carried out. This will include monitoring of equality and diversity issues in relation to the person who has an allegation made against them and in relation to the ultimate outcome of any investigations. Information that may be recorded includes age, gender, race, disability, etc. However, it may not be possible to obtain all information for all cases.
- 6.4 This information will be used to monitor trends and to ensure that the policy is applied equally to all and in particular that decisions to prosecute or take other action are consistently applied.

## **7 Associated Policies**

- 7.1 Other associated Council Policies:-
- Whistleblowing Policy;
  - Anti-Money Laundering Policy

- Disciplinary Policy;
- Codes of Conduct for Members & Employees;
- Regulation of Investigatory Powers Act Policy & Procedures.

## Appendix A

### Anti-Money Laundering Policy

#### 1. Introduction

- 1.1 Money Laundering can be defined as “a process that makes money with an illegal origin appear legal so that they may be used”. Legislation concerning Money Laundering (Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 and 2007) have broadened the definition of Money Laundering and increased the range of activities caught by the statutory framework. As a result, the obligations impact on areas of local authority business although the Council is not directly covered by Money Laundering Regulations.
- 1.2 However under the CIPFA Treasury Code of Practice local authorities are required to establish internal procedures to prevent the use of their services for Money Laundering (Treasury Management Practice 9).

#### 2. The Scope of this Policy

- 2.1 This Policy applies to all employees of Rushcliffe Borough Council and its elected Members and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through Money Laundering. The Policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations.
- 2.2 Anti-Money Laundering legislation places a responsibility upon Council employees and elected Members to combat Money Laundering and covers a very wide area of financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. It applies to all employees/elected Members involved with monetary transactions. In this context, monetary transactions includes any business of the Council which involves any transfer of assets or obligations to or from the Council and where there is opportunity for the other party to receive or divert cash or convert assets or obligations into cash. Many types of criminal activity would fall under the scope of Money Laundering (for instance falsely claiming benefits and tax evasion etc.).
- 2.3 It is a criminal offence to:
- Assist a money launderer;
  - “Tip off” a person suspected to be involved in Money Laundering, that they are the subject of Police investigations;
  - Fail to report a suspicion of Money Laundering, and
  - Acquire, use or possess criminal property.

#### 3. Purpose and Intent

- 3.1 The statutory requirements concerning Anti-Money Laundering procedures are extensive and complex. The purpose for this Policy is to enable the

Council to meet its legal obligations in a way that is proportionate to the low risk to the Council of contravening the legislative framework.

- 3.2 It is necessary to make all employees and elected Members aware of their responsibilities and the consequences of non-compliance with the Policy.3.3 Whilst the risk to the Council of contravening the legislation is minimal, it is vitally important that all employees and Elected Members are familiar with their responsibilities.

#### **4. When this Policy Applies**

- 4.1 When the Council is carrying out relevant business

and: (a) Forming a business relationship, or  
(b) Considering undertaking a one-off transaction.

- 4.2 Relevant business is defined by the legislation to include, but is not restricted to, investments, accountancy and audit services, and the financial, company and property transactions undertaken by Legal, Financial Services and Property Services.

#### **5. Client Identification Procedures**

- 5.1 Note that 'client' refers to the customer, be it a private individual or a business representative, asking the Council to accept and bank money.
- 5.2 Any employee involved in relevant business should ensure the client provides satisfactory evidence of their identity personally, through a passport or photo driving licence plus one other document with their name and address for example, utility bill, mortgage/building society/bank documents, pension/benefits book, or corporate identity – through company formation documents or business rates.
- 5.3 In any circumstances where the client cannot be physically identified the employee should be aware:
- (a) That there is greater potential for Money Laundering where the client is not physically present when being identified;
  - (b) If satisfactory evidence is not obtained the relationship or transaction should not proceed;
  - (c) If the client acts or appears to act for another person, reasonable measures must be taken for the purposes of identifying that person.

#### **6 Record Keeping**

- 6.1 The Council and contractors working for the Council conducting relevant business must maintain records of:-
- (a) Client identification evidence obtained, which must be kept for 5 years after the end of the transaction or relationship;
  - (b) Details of all relevant business transactions carried out for

clients for at least 5 years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the relevant authorities into Money Laundering.

- 6.2 The Section 151 Officer or Financial Services Manager must be informed of the existence and location of such records.

## **7 The Money Laundering Reporting Officer (MLRO)**

- 7.1 The Council must nominate officers that take the lead role in combatting money laundering, and these are known as the MLRO
- 7.2 The Officers nominated to receive disclosures about Money Laundering activity within the Council are the Section 151 Officer and Financial Services Manager.

## **8 Reporting Requirements**

- 8.1 Where an employee or elected Member is aware or has sound and valid suspicions that Money Laundering may have taken place (or may be taking place), he or she must contact the MLRO for guidance as soon as possible regardless of the amount being offered. In such circumstances, no money may be taken by anyone until this has been done. If money has been received this should be held and kept separate from Council monies.
- 8.2 Any person knowing or suspecting Money Laundering, fraud or use of the proceeds of crime, must report this to the MLRO on the forms attached. When in doubt it is best to report any suspicions.
- 8.3 Upon receipt of receiving the report the MLRO will consider all of the admissible information in order to determine whether there are grounds to suspect Money Laundering.
- 8.4 If the MLRO determines that the information on matters should be disclosed it will be reported to the National Crime Agency (NCA).
- 8.5 At no time and under no circumstances should any employee or elected Member voice any suspicions to the person(s) suspected of Money Laundering, even if the NCA has given consent to a particular transaction proceeding, otherwise the employee/elected Member may be committing the offence of "tipping off". The MLRO will keep the appropriate records in a confidential manner.

## **9 Related Procedures**

- 9.1 The Council will establish other procedures for internal control and communication as may be appropriate for the purpose of the prevention of Money Laundering:
- (i) Regular receipts – the Council in the normal operation of its business

accepts payments from individuals and organisations in respect of a range of activities. For all transactions under £2,000 the Money Laundering Regulations do not apply but if an employee/Member has reasonable grounds to suspect Money Laundering activity or proceeds of crime or is simply suspicious, the matter should still be reported to the MLRO.

- (ii) Cash receipts – if the money offered in cash is £2,000 or more then payment must not be accepted until the employee has received guidance from the MLRO or the Deputy MLRO.
- (iii) Refunds – any significant overpayment that results in a repayment will need to be properly investigated and authorised before payment.

## **10 Effectiveness**

- 10.1 The impact and effect of this Policy shall be reviewed at least annually by the Section 151 Officer.
- 10.2 Anti-Money laundering training will be provided to appropriate officers on a regular basis.

## Money Laundering Reporting Officer Disclosure Form

Date of Disclosure:

Officer making disclosure (inc. Job Title):

Contact Details:

Subject Details:

Title: Surname:

Forename: Date of

Birth:

In the case of a legal entity (company):

Name:

Address:

Company No. (if known): Type

of Business:

VAT No. (If known): Reason

for disclosure:

Receipt: MLRO or Deputy MLRO will confirm receipt of a completed Disclosure Form within 3 working days.