

## Anti-Fraud & Corruption Policy

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<b>Policy Title</b>	Anti-Fraud & Corruption Policy
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<b>Approving Body</b>	Management Team
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<b>Policy Owner</b>	Internal Audit
<b>Policy Available</b>	Staff Hub and EBC Website
<b>Related Policies</b>	Anti-Money Laundering Policy Authorised Officer Policy Whistleblowing Policy

### ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT

☑ The Council will not tolerate any form of fraud, bribery or corruption from within the Council, from external organisations, or from individuals.

☑ The Council is committed to the prevention, deterrence, detection and investigation of all forms of Fraud, Bribery and Corruption, at all levels of its activity, and in the wider community.

☑ The Council will seek to prosecute or apply other appropriate sanctions to perpetrators of Fraud, Bribery and Corruption and to fully recover any losses.

#### 1.0 Introduction

- 1.1 This Anti-Fraud and Corruption Policy details the arrangements at this Council for managing the risk of fraud & corruption.
- 1.2 The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing a comprehensive, anti-fraud and corruption culture is maintained, including clear whistle-blowing arrangements.
- 1.3 The Council will treat any instances of fraud or corruption by its employees, members or contractors as serious breaches of discipline and as potentially criminal acts. Bribery of or by any Council employee, member or contractor for either personal or organisational gain will be similarly treated. The Council will cooperate fully with any criminal investigations carried out in response to instances of fraud, corruption or bribery.

#### 2.0 Scope

- 2.1 This policy forms part of the Council's internal control and corporate governance arrangements.

- 2.2 The policy applies to all activities undertaken on behalf of the Council and is designed to cover the risks associated with theft, fraud, corruption, bribery and ICT abuse, whether they are perpetrated by employees, councillors, residents, visitors, contractors, suppliers or individuals and organisations unconnected with the Council.
- 2.3 For the definitions of theft, fraud, corruption, bribery and ICT abuse please see appendix B.

### **3.0 Anti-Fraud Strategy & Fraud Risk Register**

- 3.1 The Council's Anti-Fraud Strategy, a separate document, details the activities that will be undertaken to reduce the risk of fraud, bribery and corruption. The Council will take an integrated approach to dealing with internal and external fraud and corruption, with the emphasis on prevention wherever possible. However, any measures put in place to reduce losses will be balanced with their impact on the cost and service provision.
- 3.2 Risk assessments will be carried out on the top fraud risks to the Council to identify any actions needed to strengthen our arrangements in proportion to the risks we face. A separate Fraud Risk Register is maintained, reviewed and updated regularly.

### **4.0 Key Principles**

- 4.1 The key principles of this policy are the **prevention, deterrence, detection and investigation** of fraudulent activity. See appendix A for the mechanisms in place.
- 4.2 The results of fraud and/or corruption can be costly, time consuming, disruptive and unpleasant. The Council, therefore, sees that the overriding principle to be applied is that of prevention. Where this fails, however, then reporting, investigation and, where necessary, sanctions, will be pursued rigorously and swiftly.

### **5.0 Prevention**

- 5.1 Preventative measures are identified under five broad headings: -

- Policies and Procedures - The Council shall develop, implement and maintain such policies and procedures so as to reduce, as far as possible, the risks from fraud or corruption.

All employees shall be made aware of and be expected to adhere to any internal control system designed to prevent or detect fraud and corruption. All employees are required to bring any concerns they have on the adequacy or control measures to the attention of their line manager.

- Internal Control Systems - The Council will maintain in place systems which incorporate internal controls, including adequate segregation of duties to ensure that, as far as possible, fraud and corruption can be prevented. The Council embraces a programme of continuous improvement and is developing new ways of working to become more digitally enabled and streamlined to achieve more efficient and effective services. Responsible officers will ensure sound systems of internal control are developed and maintained as new ways of working and processes are designed.
- Internal Audit - The Council will ensure that it agrees a programme of internal audit assignments to support the systems and procedures already in place and to assist in the reduction of the likelihood of fraud.

The Internal Audit team will be the focal point for any fraud warning on potential external threats or attached that have occurred in other organisations and will take appropriate action to identify or prevent similar incidents occurring in the Council.

The Internal Audit team will sign off any significant changes to systems and processes prior to the system becoming live to provide assurance that controls are appropriate to mitigate the risk of fraud and corruption.

- Culture - The Council will maintain a culture of openness, honesty and accountability. This will be supported by the Whistleblowing Policy.
- Staff Recruitment and Training - The Council will ensure references are taken up for all permanent and temporary staff and carry out DBS (Disclosure & Barring Service) checks where appropriate. Criminal records will be taken into account where the conviction is relevant. As part of induction, staff will be made aware of all policies and procedures pertinent to their post, including those concerning governance. After starting at the Council, employees are required to bring to their manager's attention any new criminal convictions.

## **6.0 Deterrence**

- 6.1 The Council's deterrence arrangements will 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.
- 6.2 The Police will invariably be informed in cases where a criminal offence may have been committed and the Council will prosecute offenders where it is in our interest to do so. Action will be taken to maximise the recovery of any losses incurred. The existence of such a competent response should give a strong warning to any persons contemplating acting dishonestly against the best interests of the Council.

## **7.0 Detection**

- 7.1 Along with the appropriate systems of internal control that are built into procedures in order to detect fraud and corruption. The following specific systems of fraud detection will also be used:
- Whistleblowing
  - Referrals from the Public
  - National Fraud Initiative Exercise
  - Data-matching
  - Internal Audit reviews

## **8.0 Investigation**

- 8.1 The principles to be observed for the reporting and investigation of fraud and corruption are as follows: -
- Any incident of suspected or identified fraud must be reported to the Chief Internal Auditor, even if it has been dealt with, so that accurate data on the nature of fraud risks can be kept.

- Concerns should be reported in accordance with the Council's Whistleblowing Policy. A detailed investigation of any concerns will be undertaken.
- The Council will deal with any instances of fraud or corruption swiftly, taking disciplinary action in line with the Disciplinary Policy as necessary and informing the police if appropriate.
- In the event that fraud is suspected on the part of contractors, agency workers or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and investigation are the same as for staff. The Council will also inform and involve employing contractors or agencies when appropriate.

## **9.0 Responsibilities**

- 9.1 Corporate Leadership Board is responsible for ensuring the effectiveness of internal control of the Council.
- 9.2 The Corporate Director (Chief Financial Officer) is responsible for the implementation of this Policy.
- 9.3 Corporate Leadership Board is responsible for agreeing this policy and monitoring its implementation and effectiveness.
- 9.4 The Corporate Leadership Board is responsible for developing appropriate systems of internal control to reduce the likelihood and impact of fraud or corruption.
- 9.5 Service Managers are responsible for the application of internal controls to mitigate risks within their specified areas of responsibility.
- 9.6 All staff members are responsible for adhering to the systems of internal control which are relevant to their role.

## **10.0 Training and Awareness**

- 10.1 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.
- 10.2 To facilitate this, appropriate provision will be made through induction, fraud awareness training and refresher training and communications. Training on specific fraud topics will also be provided to those members and employees most likely to encounter that type of fraud.
- 10.3 Officers involved in investigatory work will be provided with relevant specific training that meets their needs.

## **11.0 Monitoring Arrangements**

- 11.1 The Corporate Director - (Chief Financial Officer) and the Chief Internal Auditor will report to the Chief Executive, Corporate Leadership Board and the Audit & Resources Committee any actions that they consider are needed to strengthen the arrangements for managing the risk of fraud and corruption.
- 11.2 The Chief Internal Auditor will 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 annually to the External Auditors and through the Annual Governance Statement.

11.3 System weaknesses identified through Internal Audit reviews or as a result of an investigation will be addressed through an action plan agreed with the relevant service manager. The Audit & Resources Committee will oversee and monitor the implementation of audit recommendations.

## **12.0 Review**

12.1 This policy will be reviewed every 2 years or whenever Corporate Governance or legislation changes affect any part of it.

Appendix A

Anti-Fraud & Corruption Policy	
<p style="text-align: center;"><b>Culture &amp; Structure</b></p> <p style="text-align: center;">Constitution</p> <p style="text-align: center;">Employee Code of Conduct</p> <p style="text-align: center;">Code of Conduct for Councillors</p> <p style="text-align: center;">Training &amp; Awareness</p>	<p style="text-align: center;"><b>Detection</b></p> <p style="text-align: center;">Whistleblowing Policy</p> <p style="text-align: center;">Complaints Procedure (Public Referrals)</p> <p style="text-align: center;">National Fraud Initiative Exercise</p> <p style="text-align: center;">Data-matching</p> <p style="text-align: center;">Internal Audit reviews</p>
<p style="text-align: center;"><b>Prevention &amp; Deterrence</b></p> <p style="text-align: center;">Financial Regulations</p> <p style="text-align: center;">Financial Procedures</p> <p style="text-align: center;">Contract Standing Orders</p> <p style="text-align: center;">Scheme of Delegation</p> <p style="text-align: center;">Interest, Gifts and Hospitality Policy</p> <p style="text-align: center;">Code of Conduct</p> <p style="text-align: center;">Complaints Procedures</p> <p style="text-align: center;">Recruitment and Selection Policies</p> <p style="text-align: center;">Strong response – Police referral</p>	<p style="text-align: center;"><b>Investigation Procedure</b></p> <p style="text-align: center;">Disciplinary Policy &amp; Procedures</p> <p style="text-align: center;">Arrangements for dealing with complaints against Councillors (Constitution)</p> <p style="text-align: center;">Internal Audit Team</p>

## Appendix B

For the purpose of this policy the following definitions are used:

<p><b>Fraud</b></p> <p>The intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain.</p> <p>The Fraud Act 2006 describes 3 methods of committing fraud:</p> <ul style="list-style-type: none"> <li>• Fraud by misrepresentation</li> <li>• Fraud by failing to disclose information</li> <li>• Fraud by abuse of position</li> </ul>	<p><b>Corruption</b></p> <p>The offering, giving soliciting or acceptance of any inducement or reward which may improperly influence the action of any person</p>
	<p><b>Theft</b></p> <p>Appropriating property belonging to another with the intention or permanently depriving the other of it.</p>
	<p><b>Bribery</b></p> <p>An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.</p>

### ICT Fraud and Abuse

Type of ICT Fraud or Abuse	Ways Committed
Business disruption	Virus infections/denial of service Hacking Sabotage
Reputational damage	Accessing inappropriate material Invasion of privacy Using unlicensed software
Financial loss	Unauthorised alteration of input Destroying, stealing or suppressing output Making unapproved changes to stored information Amending or misusing programmes Using ICT facilities for private work Theft of information