

South Gloucestershire Council – Counter-Fraud, Corruption & Bribery Policy 2021 - 2024

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This policy aligns with the following:

Whistle Blowing Policy

Member Code of Conduct

Employee Code of Conduct

Code of Corporate Governance

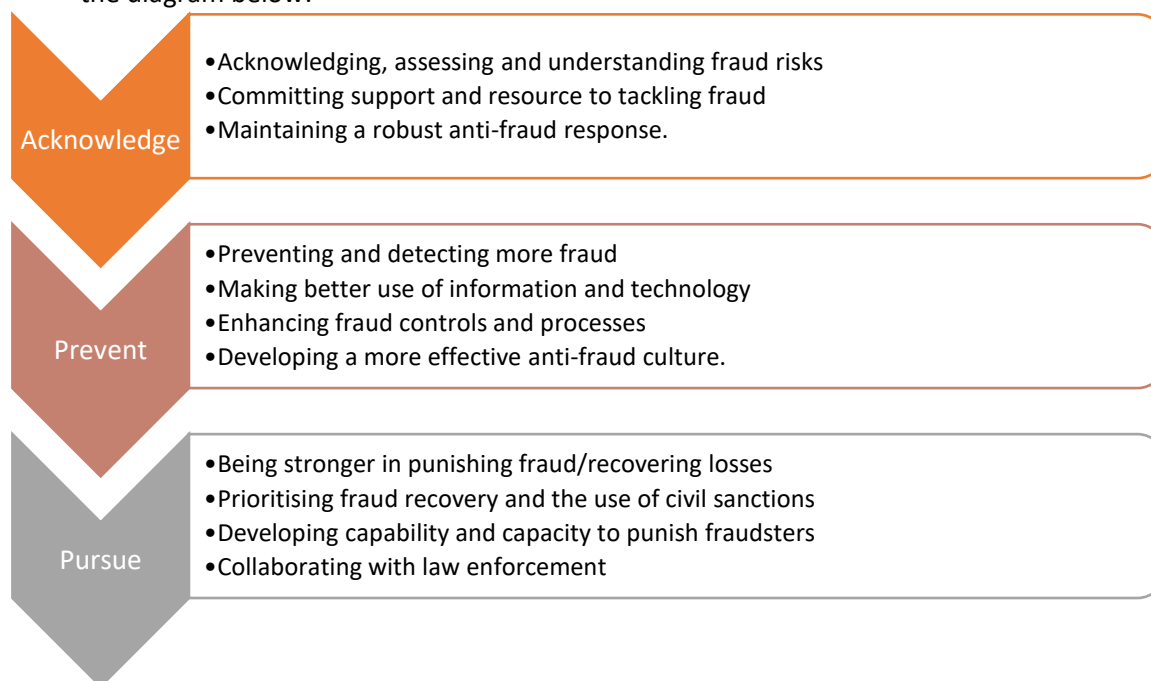
Modern Slavery Policy Statement

Serious and Organised Crime Policy Statement

Anti-Money Laundering Policy and Procedure

Introduction

1. South Gloucestershire Council advocates strict adherence to its counter-fraud, corruption and bribery policy. In the majority of cases this would be zero tolerance approach to all forms of fraud, bribery, corruption and theft, arising from within the Council and externally. The Council recognises that fraud and other forms of financial irregularity can:
 - Undermine the standards of public service that the Council seeks to achieve;
 - Reduces the level of resources and services available for the residents of South Gloucestershire;
 - Has major consequences which reduces public confidence in the Council.
2. This policy defines the elements of a good practice response to fraud risk management. It sets out the key responsibilities within the Council with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.
3. The Council is committed to an effective anti-fraud approach designed to reduce fraud and irregularity losses by raising awareness of the possibility of fraud taking place within the Council.
4. This Policy adheres to the latest CIPFA Codes of Practice and guidance on managing the Risk of Fraud and Corruption, this includes CIPFA's Fighting Fraud and Corruption Locally local government counter fraud and corruption strategy.
5. The principles of the strategic response to fighting fraud in local authorities are set out in the diagram below:



Fighting Fraud Locally - CIPFA

Definition of Fraud, Corruption and Bribery

6. **What is Fraud?**

The Fraud Act 2006 created a general criminal offence of fraud and identified three main ways it can be committed with a maximum penalty of 10 years imprisonment:

 - Fraud by false representation
 - Fraud by failing to disclose information
 - Fraud by abuse of position

7. The Act also created four related criminal offences of:
 - Possession of articles for use in frauds
 - Making or supplying articles for use in frauds
 - Participating in fraudulent business
 - Obtaining services dishonestly
8. Fraud is an act of deception intended for personal gain to cause a loss to another party.
9. **What is Corruption?**

Corruption is the deliberate misuse of a position for direct or indirect personal gain. The Council defines the term “corruption” as: “The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or employees.”
10. **What is Bribery?**

The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have been complicit in the giving or receiving of a bribe. It defines the offence as “An inducement or reward offered, promised or provided to someone to perform a relevant activity improperly in order to gain a personal, commercial regulatory or contractual advantage on behalf of oneself or another.” The Act introduced a corporate offence of failing to prevent bribery, which means that organisations are exposed to criminal liability. There are four main offences under the Act:

 - Bribery of another person
 - Accepting a bribe
 - Bribing a foreign public official
 - A corporate offence of failing to prevent bribery
11. **What is theft?**

Theft is the misappropriation of cash or other tangible assets. It is defined by the Theft Act 1968.

Scope

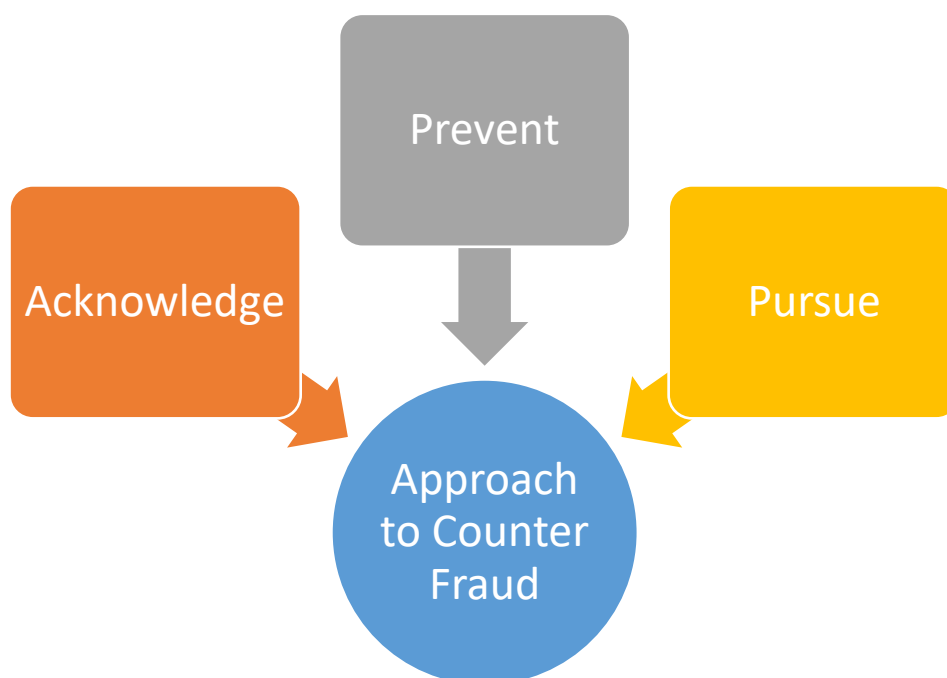
12. The Council will not tolerate fraud, corruption or bribery or other forms of financial irregularity by anyone. Consequently, this policy applies to a wide range of persons including:
 - All Council employees (including volunteers, temporary staff and externally contracted staff)
 - Elected members
 - Staff and committee members of Council funded voluntary organisations
 - Council partners
 - Maintained schools
 - Council suppliers, contractors and consultants (whether engaged directly or indirectly through partnership working)
 - Service users
 - Members of the general public
13. This policy also covers theft of money and assets, false accounting and corrupt practices, misuse of assets and improper use of IT systems. It should be read in conjunction with other policies, such as the ICT Security Policy and associated codes of conduct. More detail on specific responsibilities is provided on page 8 of this policy.

Aims and Objectives

14. The purpose of the Policy is to set out clearly to members, employees, contractors and the Council's partners and the public, how the Council:
- Protects valuable resources by reducing the risk of loss to fraud, theft and/or corruption and bribery
 - Commits to tackling fraud, corruption and bribery
 - Creates and promotes a robust anti-fraud culture across the organisation which highlights the Council's policy in dealing with potential fraud and deters potential fraudsters
 - Ensures that resources dedicated to combatting fraud are sufficient and those involved have the appropriate skills to detect and appropriately deal with fraud cases
 - Ensures there is clear policy for establishing responsibilities of Members and employees in minimising the risk of fraud and reporting any suspicions they may have.
 - Creates an environment that enables the reporting of genuine suspicions of fraudulent activity and protects those that raise legitimate concerns.
 - Works with partners and other investigative bodies to strengthen and continuously improve the Council's resilience to fraud, corruption and bribery.

The Council's Approach to Countering: Fraud, Corruption and Bribery

15. The Council is committed to an effective anti-fraud approach designed to reduce fraud and irregularity losses by raising awareness to the possibility of fraud taking place within the Council.



The Council's approach to countering fraud based on the CIPFA Fighting Fraud Locally Approach

16. As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities, business plans, projects and programme

objectives and outcomes. Senior Managers' should include reference to measures their service areas take to counter fraud, corruption and bribery when responding to the Annual Governance statement. Members and employees at all levels are expected to lead by example in ensuring adherence to established rules and procedures and promote an honest culture of the highest ethical standards.

17. Good corporate governance is a strong safeguard against fraud and corruption and the Audit and Accounts Committee has specific responsibilities to ensure the Council has sufficient procedures and resources to effect a robust counter-fraud response.
18. The Council's internal audit service undertakes risk-based assurance work each year, a key focus of much of the work of the team will be focussed towards countering the risk of fraud.
19. The Council seeks to fulfil its responsibility to reduce fraud and protect its resources by means of a strategic approach consistent with that outlined in CIPFA's Local Government Fraud Strategy Fighting Fraud locally. The table below demonstrates how the council meets these responsibilities:

Acknowledge	<p>The Council acknowledges the risk of fraud, corruption and bribery by:</p> <ul style="list-style-type: none"> ✓ Regularly reviewing and updating the Counter-fraud, Corruption and Bribery policy and referring it for approval and endorsement by the Audit and Accounts Committee ✓ Linking the counter-fraud policy to other key policy documents, such as, the whistle-blowing policy ✓ Participating in the CIPFA counter fraud tracker survey to assess arrangements for fraud prevention ✓ Raising awareness of national strategies to combat fraud, corruption and bribery through support of the UK Anti-Corruption Strategy and Fighting Fraud Locally Strategy ✓ Emphasising through awareness raising the Council's counter-fraud policy and what to do if fraud is suspected.
Prevent	<p>The Council prevents fraud, corruption and bribery by:</p> <ul style="list-style-type: none"> ✓ Annually assessing fraud risk areas and developing a fraud prevention plan as part of the internal audit plan to target risk areas ✓ Responding appropriately and rapidly to reported cases to verify next steps to recover any funds or assets lost ✓ To understand the important role whistle blowing has to play in countering fraud, corruption and bribery and responding swiftly to verify reports ✓ Taking part in the national fraud initiative biennial data matching exercise facilitated by the Cabinet Office ✓ Providing resources to the internal audit team to enable them to regularly awareness raise about fraud risks via an anti-fraud, corruption, bribery and anti-money laundering e-module and information circulated internally.
Pursue	<p>The Council pursues fraud, corruption and bribery by:</p> <ul style="list-style-type: none"> ✓ Setting up a dedicated fraud response form on the Council's website. Referrals are reported to Departmental Managers. This requires them to respond promptly to any information received, with support from internal audit, where needed. ✓ Internal audit reports regularly to the Audit and Accounts Committee on the capacity and capability of the internal audit service to support the Council in their counter-fraud role, including policy work and awareness raising ✓ Membership of national organisations and actively engaging in work around fraud detection and awareness ✓ Publicising prosecutions, where applicable.

20. The Council's approach to potential fraud and/or corruption is provided in its fraud response plan (see later in this policy). If anyone believes that someone is committing a fraud or suspects irregularity in practice, these concerns should be raised in the first instance directly with their line management. If necessary a route, other than their line manager, may be used. For example:
- The Chief Executive
 - The Head of Financial Services, Section 151 Officer
 - Internal audit fraud inbox: auditfraud@southglos.gov.uk
 - The Head of HR or Monitoring Officer
21. Where managers are made aware of suspected fraud by employees, they have a responsibility to pass those concerns to the Section 151 Officer. Managers should react urgently to evidence of potential fraud or corruption. Head Teachers should also notify their Chair of Governors. Any person implicated in the alleged offence should not be included in the notification and all information should be treated with confidentiality.
22. The Council's Whistle blowing policy is intended to encourage and enable employees to raise serious concerns. The public and employees are encouraged to report any concerns in respect of benefit fraud to the Department for Work and Pensions. Members of the public can also report concerns through the Council's complaints procedures or via the Council's dedicated webform on the public website. Internal audit will examine notifications via these routes to determine whether they require further investigation.
23. Internal audit have a role to support and advise managers on the conduct and approach of any investigations they undertake. Investigations should be managed within departments, the Director must nominate an independent manager to investigate an allegation. In more complex cases, internal audit may be able to work alongside the department to support the investigation. The Council must adhere to the provisions of the Regulation of Investigatory Powers Act and any other related legislation including anti-money laundering.
24. The Monitoring Officer may be consulted to provide guidance on any potential criminal offence and whether seeking a prosecution would be in the best interests of the Council.
25. The relevant Director, in consultation with the Head of HR, will adhere to the Council's code of conduct in respect of any potential disciplinary action to be taken against an employee. The Director is responsible for informing the Risk and Insurance Manager where it is considered that an insurance claim may be needed.
26. Where a fraud has occurred, managers are responsible for implementing changes to procedures to reduce the likelihood of reoccurrence. Internal audit can support with any controls advice. Internal audit will maintain a record of any fraud allegations and investigations and will, at the appropriate time, report progress of any cases to the Audit and Accounts Committee.

The Council's Fraud Response Plan

Introduction

1. Suspicion of fraud, irregularity, corruption and/or bribery may be raised through a number of routes:

- Via Directors/Chief Executive and/or Section 151 Officer
- Submitting an email to the dedicated internal audit mail box auditfraud@southglos.gov.uk
- For Benefit Fraud referring it to the Department for Work and Pensions

2. Top Tips for Countering Fraud

Don't	Do
Delay – report the matter quickly	Record your suspicions: write down what you have found, seen and heard
Approach or accuse individuals directly: you may alert them and evidence may be destroyed	Keep any evidence you have in a safe place until you can pass it to management. However, do not do this if such action would risk alerting the suspect.
Tell anybody else: you don't know who may be involved	Tell internal audit who you are: they may want to talk to you as you may know more than you realise
Undertake any investigations yourself without seeking agreement from your Managers: you may spoil the evidence and prevent the Council pursuing the issue.	Keep outwardly calm and carry out your own work as usual.

Safeguards

3. If you have raised concerns action will be taken to protect you in line with the Council's whistle blowing policy.
4. The Council will do its best to protect your identity when you raise a concern and do not want your name disclosed. It must, however, be appreciated that the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence.
5. Anonymous referrals are not encouraged as they affect the ability to investigate and fairly review the evidence associated with a case.
6. If it is found that your referral is malicious in intent, the matter may be referred for action in accordance with the Council's employee code of conduct.
7. Compliance with the requirements of the Data Protection Act and Regulation of Investigatory Powers Act should be observed at all times and where necessary advice sought to ensure this.
8. In the event that disciplinary/criminal proceedings against a suspect of financial misconduct is required, care should be taken in following legal advice to ensure information is secured and stored in a format that would be admissible.
9. The decision to refer to the Police (Action Fraud) should be undertaken in conjunction with the Audit Manager.

Communicating Investigations

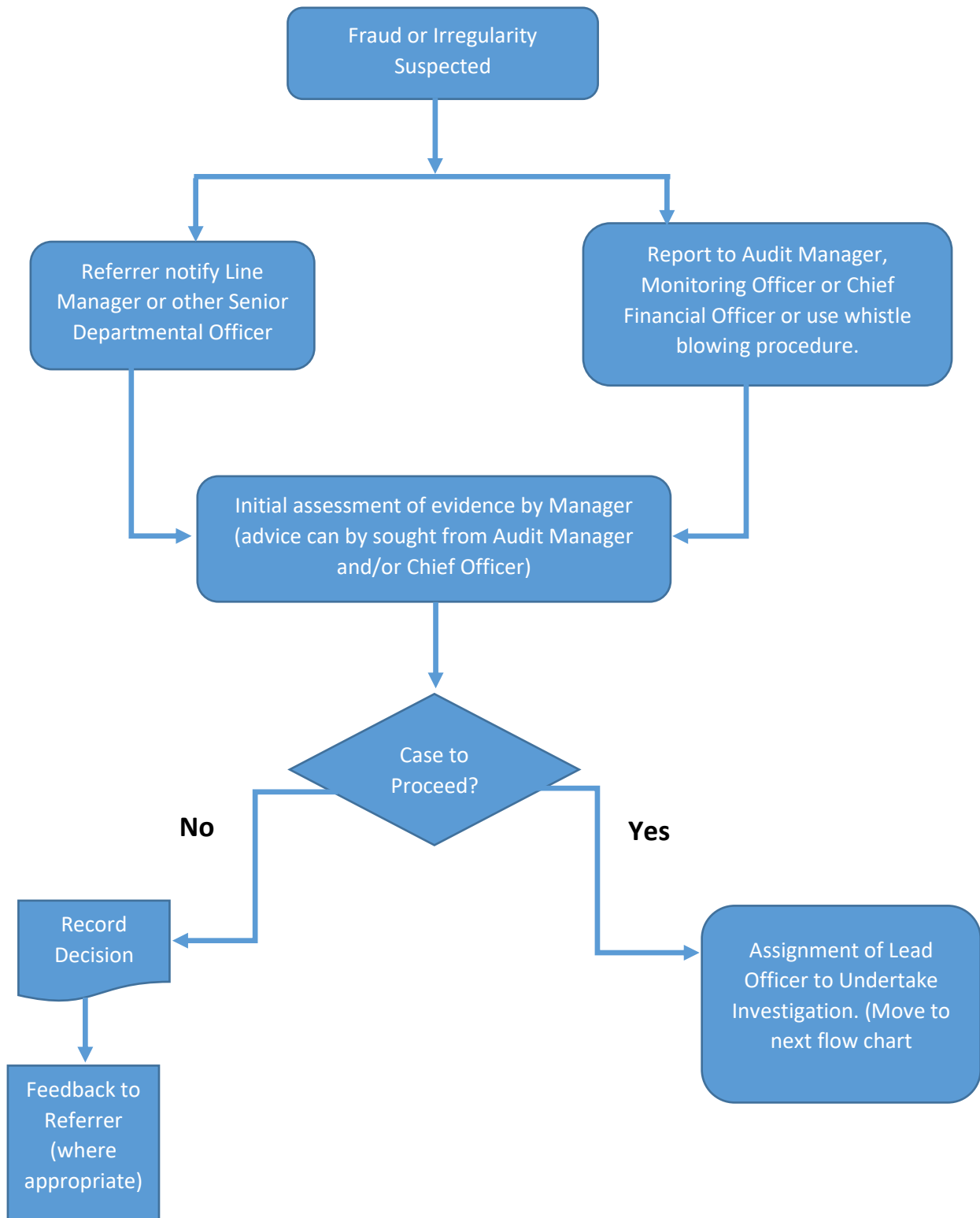
10. Any public statements regarding pending, current or completed investigations or allegations of financial impropriety must only be made and co-ordinated by the Strategic Communications team.

Responsibilities

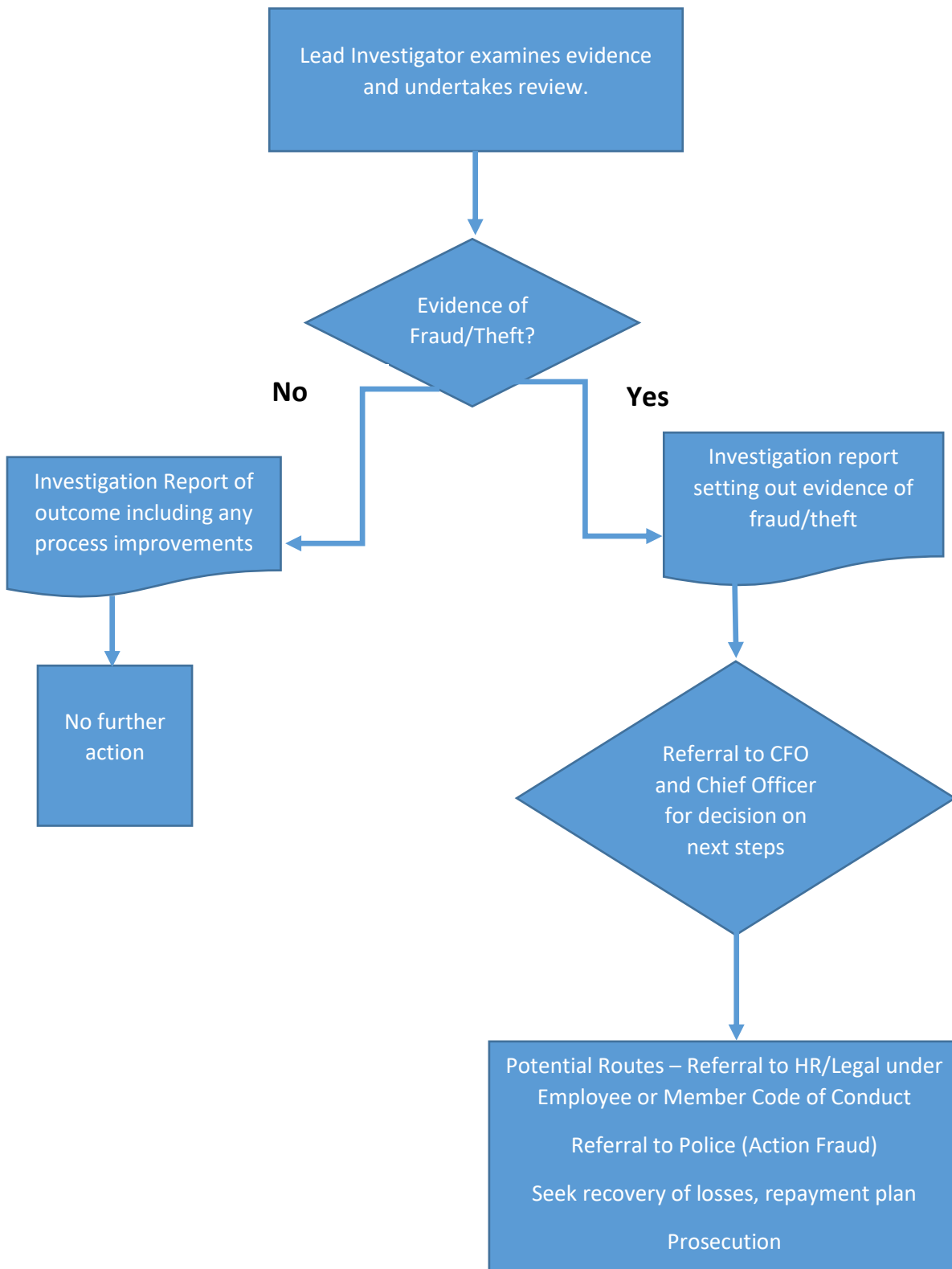
11. The diagram below provides more information on the associated responsibilities for countering fraud, corruption and bribery:

Chief Executive	<ul style="list-style-type: none"> •Ultimate accountability for the effectiveness of the council's arrangements for countering fraud, corruption and bribery
Monitoring Officer (Head of Legal, Governance & Democratic Services)	<ul style="list-style-type: none"> •To advise members and employees on ethical issues, standards and powers and ensure the council operates within the law and statutory codes of practice.
Section 151 Officer	<ul style="list-style-type: none"> •To make proper arrangements for the council's financial affairs and to ensure that the council as an adequately resourced and effective internal audit. •To receive allegations of irregularity, alleged fraud and ensure they are referred for further enquiry promptly
Audit and Accounts Committee	<ul style="list-style-type: none"> •To monitor the effectiveness of the council's counter fraud, bribery and corruption policy and associated arrangements.
All Councillors	<ul style="list-style-type: none"> •To support and promote the development of a strong counter-fraud, bribery and anti-corruption culture.
External Audit	<ul style="list-style-type: none"> •Statutory duty to ensure that the council has in place adequate arrangements for the prevention and detection of fraud, bribery, anti-corruption and theft.
Internal Audit	<ul style="list-style-type: none"> •Responsible for developing and implementing the Counter-Fraud, Bribery and Corruption policy and supporting Managers in the investigation of any issues arising. To ensure that all suspected and/or reported irregularities are dealt with promptly and in accordance with this policy and that action is identified to improve controls and reduce the risk of recurrence.
Managers	<ul style="list-style-type: none"> •To promote employee awareness and ensure that all suspected irregularities are made known to internal audit and are independently investigated. To ensure there are processes in place within their service areas to assess the risk of fraud, bribery, corruption and theft and to reduce these risks by implementing robust internal controls.
Employees	<ul style="list-style-type: none"> •To comply with the council's policies and procedures, to be aware of any possibility of fraud, bribery and corruption and to report any genuine concerns to the appropriate line manager and/or internal audit.
Partners/Contractors	<ul style="list-style-type: none"> •To maintain strong counterfraud, bribery and anti-corruption principles and be aware of the possibility of fraud, bribery and corruption against the council. To report any genuine concerns through the appropriate channels.

Fraud Response Plan – Stage 1



Fraud Response Plan - Stage 2



Securing Evidence and Referral

12. In the event that disciplinary/criminal proceedings against a suspect of financial misconduct is required, care should be taken in following legal advice to ensure information is secured and stored in a format that would be admissible.
13. Compliance with the requirements of the Data Protection Act and Regulation of Investigatory Powers Act should be observed at all times and where necessary advice sought to ensure this.
14. The decision to refer to the Police (Action Fraud) should be undertaken in conjunction with the Audit Manager.
15. Any potential routes followed to pursue identified fraud/theft will be considered carefully with regard to the each case's individual circumstances. This will take into account the best route to be followed to secure recovery of funds, balancing any potential recovery costs. It will also consider the best interests of the Council and the public in preserving the public purse and to ensure the due process of the law.