Eden District Council

Accounts and Governance Committee

9 June 2022

Anti-Fraud Plan 2020/21

Portfolio:	Resources
Report from:	Assistant Director Finance & HR
Wards:	All Wards
OPEN PUBLIC ITEM	

1   Purpose

1.1   To present the proposed updated Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

2   Recommendation

2.1   It is recommended that the updated Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan is approved.

3   Report Details

3.1   The Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan sets out Eden District Council's overall policy in relation to fraud, theft, bribery and corruption. The strategy complies with CIPFA's ((Chartered Institute of Finance and Accountancy) Code of Practice on managing the risk of fraud and corruption and shows a commitment from Eden District Council to preventing and detecting fraud, theft, bribery and corruption.

3.2   The Plan has been updated for:

Changes in post names and structure following One Eden Transformation programme

Removal of the in-house Internal Audit function

3.3   The Plan has been reviewed to check:

That the policy still addresses the key risks of fraud to the Council

That the policy still aligns with external codes of practice and regulations

Changes proposed from this review are:

- Addition and Expansion of risks, prevention and detection of cyber crime

4   Policy Framework

4.1   The Council has four corporate priorities which are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative

4.2 This report meets our sustainable priority.

5 Consultation

5.1 There has not been any consultations.

6 Implications

6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 There are no proposals in this report that would reduce or increase resources.

6.2 Legal

6.2.1 There are no legal implications.

6.3 Human Resources

6.3.1 There are no Human Resource Implications.

6.4 Environmental

6.4.1 There are no environmental implications.

6.5 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	No implications
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

6.6 Risk Management

Risk	Consequence	Controls Required
Risk that fraud occurs and/or goes undetected	Causing financial damage and reputational damage	Fraud Policy is in place

7 Other Options Considered

7.1 No other options considered.

8   Reasons for the Decision/Recommendation

8.1   The committee is recommended to approve the Anti-fraud policy to ensure that we have an up to date policy in place to help reduce the risk of fraud.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	N/A
Monitoring Officer (or Deputy)	N/A
Relevant Assistant Director	25 May 2022

Background Papers: None

Appendices: Anti-Fraud Policy 2021 (showing track changes from prior year)

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Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan

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Accessible Information

A summary of the information contained in this document is available in different languages or formats upon request. Contact Eden District Council's Communication Officer, telephone: 01768 817817, or email: communication@eden.gov.uk

Traditional Chinese

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Polish

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Urdu

اس دستاویز میں موجود معلومات کا خلاصہ درخواست پر مختلف زبانوں یا فارمیٹس میں دستیاب ہے. ایڈن ڈسٹرکٹ کونسل کے مواصلاتی آفیسر سے رابطہ کریں، ٹیلی فون: ، یا ای میل: communication@eden.gov.uk 01768 817817

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Section 1 - Introduction

1.1 The Strategy

Eden District Council has drawn up an Anti-Fraud, Theft, Bribery and Corruption Strategy to set out its overall policy in respect of fraud, theft, bribery and corruption. This clearly shows that the Council is committed to preventing and detecting fraud, theft, bribery and corruption and, where necessary, pursuing allegations of such activity. It also outlines the Council's commitment to creating an anti-fraud and anti-bribery culture and maintaining high ethical standards.

The Strategy sets out the Council's response to the Bribery Act 2010. The Council, through its Members and officers, is committed to carrying out its activities and functions fairly, honestly and openly. The Council takes a "zero tolerance" approach to matters of fraud, bribery, corruption, theft, or any criminal actions. The Accounts and Governance Committee approves this Strategy on behalf of the Council.

The Strategy complies with CIPFA's (Chartered Institute of Finance and Accountancy) code of practice on managing the risk of fraud and corruption.

1.2 Why an Anti-Fraud, Theft, Bribery and Corruption Strategy and Related Procedures Are Needed

The primary responsibility for maintaining sound arrangements to prevent and detect theft, fraud, bribery and corruption rests with management, however it is important that all staff and Members know:

- how to prevent and deter theft, fraud, bribery or corruption;
- how to look for the signs of theft, fraud, bribery or corruption; and
- what to do if they suspect theft, fraud, bribery or corruption is taking place.

It is important that staff and Members do not try to handle the problem themselves, without expert advice and assistance. An investigation not managed properly or improper interference, could prejudice any prospective Police prosecution. There are a number of procedures set out to prevent this from happening.

A commercial organisation can be liable for failing to prevent bribery. This offence arises under Section 7 of the Bribery Act. Commercial organisations should ensure that proper procedures are in place to prevent bribery, insofar as this is practicable. The Council, for its part, will comply with the guidance issued by the Ministry of Justice to secure effective and appropriate procedures to prevent bribery through its activities and those of associated people or bodies.

1.3 Definitions of Theft, Fraud, Bribery and Corruption

Theft is "dishonestly appropriating property belonging to another, with the intention of permanently depriving them".

Fraud is "the intentional distortion of financial statements or other records by persons internal or external to the Council, which is carried out to conceal the misappropriation of assets, or otherwise for gain".

These records can include orders, invoices, travel claims, timesheets, flexitime variation sheets, holiday entitlement records, petty cash vouchers, or claims from independent contractors. It may also cover a number of other acts, such as failure to disclose information, or abuse of position.

Bribery is the offering, promising, or giving of a financial or other advantage to a person with the intention of bringing about another's improper performance of an activity, or rewarding such improper performance. Bribery can arise where the acceptance of an advantage, in the knowledge that it is offered, promised or given, constitutes an improper performance of an activity.

Corruption is "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Council, its Members, or staff". It also includes using personal relationships to influence actions.

This Strategy provides information to all staff that may come across behaviour that they think may be fraudulent or corrupt

1.4   Governance

The Accounts and Governance Committee are responsible for carrying out the governance role. The Committee ensure there is an appropriate system of internal control to minimise the Council's exposure to theft, fraud, bribery or corruption. It reviews and approves the annual update of this Strategy and Response Plan. It also considers the annual fraud report.

Extended Leadership Team considers this Strategy as part of the annual update. In so doing, it acknowledges its responsibility for ensuring that the Council has strong and robust anti-fraud arrangements in place.

1.5   Impact of the Covid-19 Pandemic

The Covid-19 pandemic has impacted the economies of all countries around the world and is affecting businesses of all types in the UK. With more remote working, and ~~W~~with their resources stretched to cope with impacts of the pandemic, businesses can be more vulnerable to fraud, theft, bribery and corruption.

The following section sets out how the Council prevents and deters these activities and whilst there are robus controls in place at times they will rely on the vigilance of staff and members across the organisation. The circumstances created by the pandemic mean that we need to be extra vigilant and more suspicious that fraudsters will try and use this time to strike when we are more vulnerable.

Section 2 - Prevention and Deterrence

2.1   Role of Staff

The Council's Staff Code of Conduct and Anti-Fraud, Theft, Bribery and Corruption Strategy both require all staff to report any suspicions of theft, fraud, bribery or corruption, to enable a proper investigation into the circumstances to be undertaken. If a member of staff does not feel comfortable speaking to his/her line manager, he/she should contact the Assistant Director Finance & HR~~e, or, where it relates to Benefits or Council Tax Reduction, the Head of Revenues and Benefits~~.

Alternatively, if a member of staff is concerned about the behaviour of another member of staff, he/she may prefer to contact the Monitoring Officer (Assistant Director ~~of Governance~~Legal and Democratic Services), who will then involve the Assistant Director Finance and HR, if theft, fraud, bribery or corruption is a possibility. The Council has also adopted a Confidential Reporting Code (whistleblowing). Section 5 refers to this.

Staff can also go directly to the External Auditor, or ~~the Police~~Action Fraud (see paragraph 4.10). However, this should only be the case in exceptional circumstances.

Staff are responsible for undertaking and engaging in any training or guidance provided to them. In particular, knowledge of how to avoid and identify cyber attacks (including phishing and social engineering) are key to the organisation protecting itself.

2.2   Role of Members

Council Members have a duty under the Council's Members' Code of Conduct and this Strategy to report any instances of improper conduct. The Strategy incorporates a list of the internal and external contacts that they may wish to refer their concerns to (see section 4.10).

2.3   Role of Managers

2.3.1 Theft and Fraud

Whilst it is impossible to create a 100% fraud-proof system, managers must ensure that the system they operate includes a reasonable number of effective controls designed to detect and prevent fraud and error. The actions and controls that managers should consider are as follows:

- documenting procedures and controls and training all staff in how to use them;
- ensur~~e~~ing all staff are familiar with the Council's Accounting and Audit Rules and Procurement Rules;
- carrying out spot checks to ensure compliance with procedures/regulations;
- ensuring separation of duties between staff, where practical, so that no one person is solely responsible for the initiation through to the completion of a transaction, that is, authorising a transaction, processing the transaction, collecting cash/cheques where appropriate, receiving goods/services and recording the transaction;
- assigning appropriate levels of delegation, for example, orders over a certain value to be signed by a restricted number of staff;
- rotating staff responsibilities, where possible, to avoid one person always having sole charge over a given area;
- introducing an adequate "internal check". At its simplest, this involves an independent officer checking the work/calculations/documentation prepared by the initiating officer. "Internal check" may also mean splitting the processing of a transaction between two or more officers. For example, each creditor payment is signed off by different officers for 'goods received' and 'certification'. A different officer then inputs it to generate the payment and finally a different officer sends out the remittance. Unless there is extensive collusion between staff, this will reduce the opportunity for fraud;
- ensuring expenditure is authorised prior to expenses being incurred;
- ensuring expenses/petty cash claims are supported by receipts;
- minimising cash/cheques/stock holdings. Bank cash/cheques regularly, preferably daily, depending on the value and the risk;

- reviewing budget monitoring statements, be alert to trends, for example, falling income or increasing travel expenses and follow up variances;
- ensuring staff take their proper allocation of holidays and that other staff undertake their duties in their absence. Cover arrangements should be robust; and
- regularly review processes to identify 'weak links' that may be vulnerable to fraud.
- Ensuring that all software is kept up to date and that patches are applied promptly.
- Supporting staff to be aware of cyber fraud methods to help prevent phishing and social engineering attacks being successful.
- The Assistant Director Finance & HR co-ordinates the Council's response to the Cabinet Office's National Fraud Initiative (see paragraph 3.2.5). In particular, they ensure the follow-up of any identified issues. However, it is ultimately the responsibility of all management to ensure adequate controls and procedures are in place to prevent and detect theft or fraud, in accordance with the guidelines provided under paragraph 2.3.1 of this Strategy;

- ## 2.3.2 Bribery and Corruption

The wide range of Council services means that there are opportunities for decisions to be improperly influenced in many areas, such as the procurement and delivery of contracts, consents and licences.

Internal Regulations - Council procedures should:

- ensure Accounting and Audit Rules and Procurement Rules cover the key risk areas;
- ensure Accounting and Audit Rules and Procurement Rules are updated periodically, changes are communicated and additional training is given if necessary;
- ensure the handling of breaches of Accounting and Audit Rules and Procurement Rules are fully documented and dealt with in accordance with the Rules;
- provide all Members and staff with a copy of the relevant Code of Conduct and ask them to confirm that they understand the Code and provide training;
- keep a register for declaration of interests for both staff and Members, reviewed by senior officers on a regular basis;
- keep a register for declaration of hospitality and gifts received for both staff and Members, reviewed by senior officers on a regular basis;
- remind Members and staff of the need to declare interests and gifts/hospitality received;
- require all staff to confirm biennially that they have read and understood this Strategy; and
- every other year, undertake a mandatory training course for all staff on anti-fraud measures.

Contracts

- provide within the Procurement Guidance (which supports the Procurement Rules) clear, written instructions, for staff involved in letting and controlling contracts (including the position regarding tender negotiations);
- ensure adequate supervision of/separation of duties between staff letting and controlling contracts, as far as practicable;
- carry out an independent review of circumstances where particular contractors seem to be preferred;
- ensure adequate justification for, and approval of, occasions when negotiated or restricted tendering is used and that this is fully documented;
- ensure tenderers are chosen from an approved list, on a rational basis, to ensure fair competition and equal opportunity to tender;
- carry out spot checks to ensure rules relating to despatch and return of tenders are being complied with;
- ensure contracts are signed by both parties;
- ensure that appropriate provisions are included in contracts to relate to bribery and any criminal activity and their prevention which include sanctions; and
- ensure appropriate monitoring is in place relating to the performance of the service and compliance with an organisation's responsibilities under the Bribery Act.

Asset Disposals

- ensure there are clearly defined procedures for asset sales and that these are fully understood by all relevant Members and staff; and
- document all disposals to demonstrate that the best possible price or consideration have been obtained and/or any relevant dispensations are applicable and have been obtained.

Award of Planning Consents and Licences

- ensure there are written procedures covering delegated powers of Members/staff in awarding planning consents and licences;
- ensure decisions are fully documented so it can be demonstrated that decisions are made on a consistent, fair, lawful and rational basis;
- monitor decisions on planning applications, particularly where Planning Officer recommendations are not followed; and
- ensure an authorisation or approval process is in place for the grant of any consent or licence.

2.4 Role of Internal Audit

The Council's Audit Plan includes the major financial systems listed below:

- Housing Benefits;
- Council Tax;
- Council Tax Reduction Scheme;
- Business Rates;
- Payroll;
- Creditors;
- Loans and Investments;
- Main Accounting System;
- Sundry Debtors; and
- Income Collection.

Audits of the major financial systems include a review of the key controls, based on best practice checklists. Where a specific checklist does not exist, Internal Audit will review the existing internal controls in line with the issues detailed in 2.3.1 above and make recommendations where appropriate. It is not possible to specify controls that will detect the actual receipt of corrupt inducements. Reliance is placed on having adequate procedures in place, based on Accounting and Audit Rules and Procurement Rules, to limit the possibility of corrupt practices. Audit work is normally limited to testing compliance with these procedures and drawing attention to any weaknesses. Any identified weaknesses that might indicate potential fraud, theft, bribery or corruption will be further tested using in-depth substantive testing.

The Council's Internal AuditorAssistant Director Finance & HR:

co-ordinates the Council's response to the Cabinet Office's National Fraud Initiative (see paragraph 3.2.5). In particular, itthey ensures the follow-up of any identified issues. However, it is ultimately the responsibility of all management to ensure adequate controls and procedures are in place to prevent and detect theft or fraud, in accordance with the guidelines provided under paragraph 2.3.1 of this Strategy;

- advises the Assistant Director Finance on fraud issues; and

provides a resource (through the provision for consultancy in the Audit Plan) to undertake fraud investigations: this resource is limited and any major fraud would require the Council to buy in additional resources.

2.4 Role of IT Shared Services

IT Shared Services maintains the firewalls and IT protections against cyber crime. This includes monitoring for unauthorised emails. IT will also provide support in ensuring that patches are applied to all software to update the integrated protection provided. Including stopping trash and phishing emails

Section 3 - Detection and Awareness

3.1 Introduction

This section aims to outline particular risk areas and to give an idea of the types of theft, fraud, bribery or corruption that may occur.

3.2 Risk Areas

3.2.1 Fraud can happen wherever staff or people outside the Council complete official documentation and have the opportunity to take financial advantage of the Council. The risk of fraud, bribery or corruption increases where staff, or outside agents, are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently, the following areas are particularly susceptible to theft, fraud, bribery or corruption:

- claims from contractors/suppliers;
- travel and expense claims;
- cash/cheque receipts;
- petty cash/floats;
- payroll;
- purchasing;
- procurement of contracts;
- delivery of services under contract, particularly where payments are, or may be, received;
- stocks and assets, particularly portable/attractive items;
- treasury management;
- housing benefits;
- Renovation Grants;
- the approval of grants generally;
- disposal of assets;
- development or sale of land;
- inspections;

- the taking of enforcement action;
- award of Consents and Licences;
- money laundering (see section 3.4 below);
- electronic fraud/cyber crime (see section 3.5 below); and
- Council Tax discounts, reductions and exemptions.

3.2.2 In addition, acceptance of gifts and hospitality, secondary employment and pressure selling (suppliers pressurising staff to order goods/services that are not required) can lead to corrupt practices.

3.2.3 The provision of gifts or hospitality is a significant risk area. Duty to declare these are set out in the Officer's and Member's Codes of Conduct within the constitution. A prospective recipient of any gift or hospitality should consider why they have received the offer and whether it is intended to influence a decision. Reasonable and proportionate hospitality and gifts may be acceptable and accepted.

3.2.4 Benefit payments are a particular risk area for local authorities. With the creation of the Department for Works and Pension's (DWP) Single Fraud Investigation Service the Council's Benefits Investigation Team were transferred to this new service (July 2015). The Council no longer investigates benefit fraud itself. However, it seeks to minimise any fraud by:

- passing any potential frauds to the DWP for investigation
- participating in DWP fraud initiatives
- maintaining effective controls to prevent fraud entering the benefits system

3.2.5 The Council participates in the National Fraud Initiative (NFI) run by the Cabinet Office. This matches data from a variety of sources to identify potential frauds. The exercise is co-ordinated by the ~~Senior Auditor~~Assistant Director Finance & HR and all potential fraudulent payments are followed up by relevant staff.

3.2.6 Applications for employment are another risk area and, for this reason, the Council has an Employment Screening Policy. Employment screening provides some assurance that a prospective employee is trustworthy and has the necessary skills and/or experience required to perform their role. It can also act as a deterrent to dishonest individuals applying for positions within the Council in the first place. Screening checks therefore include:

- verification of the identity of the individual;
- references from previous employers;
- verification of qualifications;
- proof of right to work in the UK;
- Disclosure and Barring Service (DBS) disclosures where appropriate; and
- investigation of breaks in employment history.

3.2.7 With effect from 1 April 2010, the Council incorporates Baseline Personnel Security Standards (BPSS) into the employment screening process to ensure compliance with the standards required to access relevant government data sources.

3.3   Signs of Fraud, Bribery, or Corruption

3.3.1 Fraud involves the falsification of records. Managers need to be aware of the possibility of fraud when reviewing claims/forms/ documentation for authorisation. Issues which should give rise to suspicion are:

- documents that have been altered using different pens or different handwriting;
- claims that cannot be checked because supporting documentation is inadequate (for example, no vouchers/receipts);
- strange trends (in value, volume, or type of claim);
- illegible text/missing details;
- delays in documentation completion or submission;
- use of numerous cost centres to code expenditure (to avoid showing a large variation on one particular budget);
- large payments where no VAT number is quoted;
- invoices that quote a P O Box number, rather than a specific address; and
- lack of authorisation for computer input/no supporting documentation.
- Claims arriving from unusual or unexpected sources/emails

3.3.2 Indicators that a member of staff may be acting corruptly or fraudulently are:

- apparently living beyond their means;
- under financial pressure;
- exhibiting signs of stress or behaviour not in keeping with their usual conduct;
- not taking annual leave;
- refusing to allow another member of staff to be involved in their duties;
- attracting complaints from members of the public;
- having private discussions with contractors;
- unusual work patterns, for example, always be the first in the office or the last to leave;
- irregular behaviour; and
- over-familiarity with contractors or suppliers.

3.3.3 Suspicions of bribery and corruption may come from outside the normal course of work. Sources should be followed up promptly and with due discretion and tact and reported to the appropriate director.

3.4   Money Laundering

Money laundering is the practice whereby criminals attempt to 'clean' the proceeds of criminal activity by passing it through a legitimate institution. The Proceeds of Crime Act 2002 imposes an obligation on a variety of organisations, including local authorities, to report any incident that lead them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity.

The Council does not have a statutory obligation to comply with the Money Laundering Regulations 2007. It is good practice to adopt policies and procedures that meet the key elements of the regulations.

The Council's Money Laundering Reprting Officer (MLRO) is the Director of Corporate ServicesResources. In the event of a major transaction being identified that could involve money laundering, the Director of Corporate Services (Section 151 Officer) or Assistant Director Governance Legal and Democratic Services (Monitoring Officer), should be contacted for advice on how to proceed.

Almost all the major cash transactions of the Council occur as part of its Treasury Management operations, whereby the Council lends, and is repaid, large sums. The Council's Treasury Management Policy Statement deals with this. Any attempt to launder cash will tend to involve larger sums of money. The only other area where large sums of money are received is the sale of assets. The Council can take confidence from the following:

(a)   the Legal Services Section will deal with the sale and will confirm the identity of the payee during the course of the process of sale;

(b)   receipts will normally be taken through BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their client; and

(c)   most customers will be long-standing tenants or known businesses.

Staff who receive cash as part of their job should be vigilant for any unusual transactions that might indicate that an attempt is being made to launder money. Report any suspicions immediately to the Assistant Director Finance.

As an additional safeguard, receipts of notes, coins, or travellers' cheques will not be accepted over £5,000 for any one transaction.

3.5   Electronic Fraud / Cyber Crime

Electronic fraud is a growing area. It may take a number of forms:

- Social Engineering – invoice fraud (false changes to supplier information); CEO or senior management/member impersonation; phishing (tricking staff into divulging sensitive information); Vishing/Smishing (fraudsters impersonating a credible source via voice or message services) – Staff are periodically reminded about safeguards to protect against social engineering
- Malware – installation onto our systems of software designed to disrupt computer operations or access confidential information (eg through clicking a link) – Staff are periodically reminded about safeguards to check links in emails.
- Network Attacks – Attacks by fraudsters on unsecured networks
- external hacking into systems and accessing bank details - a specialist company is commissioned to test the vulnerability of the Council's IT network from external attack; and
- identity theft of Council staff - this is particularly important where staff have access to a Council credit card, or hold passwords required to access bank details. Staff are periodically reminded about basic safeguards to help prevent identity theft.

The Council meets the Public Sector Network requirements. This ensures secure communication with other public sector bodies. As part of this:

- the Council has a designated Security Officer. The role is undertaken by the Infrastructure Manager within the shared IT service; and
- a third party is commissioned to test the ability of the network to withstand hacking.

3.6   Annual Fraud Report

The Accounts and Governance Committee receive an annual report on the Council's anti-fraud activities and any instances of fraud are considered. This includes the requirements of the Transparency Code.

Section 4 - Response Plan

4.1 Introduction

This section sets out the responsibilities of staff and Members and actions to be taken in cases where theft, fraud, bribery or corruption is suspected within the Council.

The following procedure is where fraud, theft, bribery and corruption are the predominant feature of a particular case. There will be other cases where minor fraud is a subsidiary element of a broader case. ~~In such a case, it may be appropriate for the lead officer to be a senior officer, other than the Senior Auditor. However, t~~The Assistant Director Finance and HR should ~~still~~ be informed of any fraud as soon as it is discovered.

4.2 Suspicion of Theft, Fraud, Bribery or Corruption

4.2.1 All financial irregularities should be reported immediately to the Assistant Director Finance and HR. Where actions are thought to be deliberate, the possibility of theft, fraud, bribery or corruption should be considered.

Cases of theft, fraud, bribery and corruption often come to light in the following ways:

- management follow-up in areas where there is evidence of controls not being applied;
- outline system checks; and
- tip-offs from a third party.

Initial reports should be treated with discretion and caution, as apparently suspicious circumstances may turn out to have a reasonable explanation, or could be malicious.

Where suspicions are aroused during audit reviews, the details should be immediately brought to the attention of the Director of ~~Corporate Services~~Resources. Consideration should then be given to consulting the Police (or Action Fraud), depending on the scale of the incident, at the discretion of the Director of ~~Corporate Services~~Resources. Ordinarily, where criminal conduct is suspected reasonably and properly, the Police should be contacted.

The Director of ~~Corporate Services~~Resources will consult with the Chief Executive and/or Assistant Director ~~Governance~~ Legal and Democratic Services (Monitoring Officer) whenever criminal activity is suspected, so that due consideration can be given to involving the Police, Action Fraud, or any other enforcement body. All cases must be treated with discretion. Relevant personnel will be informed of any suspected criminal activity strictly on a 'need to know' basis.

Initial interviews of those suspected of theft, fraud, bribery or corruption should be undertaken by ~~the Senior Auditor and~~ the Assistant Director Finance and HR. As soon as it becomes clear that a criminal activity is taking place and a prosecution may be pursued, ~~the Police~~Action Fraud should be contacted who may refer to the Police. In such a case, any interview is best conducted by the Police.

4.3 Commercial Organisations and Bribery

Any commercial organisation will be liable to prosecution if a person associated with it bribes another. It is a defence for that organisation to show that it has adequate procedures in place to prevent bribery.

The Council, for its part, should ensure that its procedures are sufficient to prevent bribery and corruption insofar as this is practicable. It can require, reasonably, that those commercial organisations with which its contracts are aware of its anti-bribery stance and have appropriate procedures in place themselves. Any contractor which performs services or functions on behalf of, or for, the Council will be associated with it. The Council's reputation may be damaged by the actions and activities of a third party with whom it is, or has been, associated. It is in the Council's interests to seek to ensure that the commercial organisations with which it contracts have effective procedures in place to prevent bribery. The Council, and any public authority, can be expected to have, and to practice, high ethical standards of behaviour.

The Council's Executive and Corporate Leadership Team are committed to a zero tolerance of bribery in any form. The Council is committed to openness, transparency and ethical practices in the conduct of its activities. The Council is committed to good and effective governance.

4.4   Review and Monitoring in Relation to Bribery

The Council will regularly review the procedures it has in place generally, and specifically, to prevent bribery from occurring. The risks of bribery which the Council faces will be reviewed annually in the monitoring of the Strategy. The risks and their assessment will be overseen by the Corporate Leadership Team as guided by the Director of ~~Corporate Services~~Resources who is the strategic lead on anti-fraud. Members and officers are required to be aware and appropriately trained. The Council's policies and procedures need to be known and understood.

The Council will undertake due diligence enquiries in its application of its procedures and assessments to ensure proper and justifiable decisions are made.

The Council does, and will, undertake training on a regular basis for its staff and Members on ethical behaviour, the codes of conduct and the relevant procedures and practices. This Strategy will be made known and be accessible, readily, for staff and Members. The commercial organisations which perform the main contracted services for and on behalf of the Council will receive a copy of this Strategy so that they are fully aware of the Council's stance and expectations.

4.5   Responsibilities of the Director of ~~Corporate Services~~Resources

As soon as possible, and where appropriate, the Director of ~~Corporate Services~~Resources should:

- appoint a member of staff to lead the investigation (the Lead Officer), ~~normally the Senior Auditor~~. If it appears that, prima facie, the Police may ultimately be involved, an informal discussion with the Police may be appropriate;
- inform other managers, for example, the Chief Executive, the Monitoring Officer; and
- inform internal and external audit.

The preliminary findings of the Lead Officer should then be reviewed and a decision made whether to:

- discontinue the investigation;
- continue with a full investigation; and
- involve Action Fraud, the Police and/or external audit.

If the Lead Officer is to continue with the investigation, the Assistant Director Finance and HR should:

- agree the objectives and terms of the investigation, as proposed by the Lead Officer;
- agree the resources that are necessary for the investigation, as recommended by the Lead Officer;
- inform the Chief Executive;
- manage any public relation issues that may arise and liaise with the Lead Officer throughout the investigation;
- liaise with the Monitoring Officer and the Assistant Director Organisational Development and the HR & OD Manager in considering whether disciplinary processes and actions should be instituted and/or action taken under any contract; and
- report the outcome to the Chief Executive.

4.6 Responsibilities of the Lead Officer

The Lead Officer will organise the investigation on behalf of the Director of Corporate ServicesResources and keep them informed of significant events. In some circumstances the Lead Officer will be the Director of Corporate ServicesResources.

If suspicions are confirmed by an initial consideration of the facts, the Lead Officer will set up a full investigation by:

- agreeing terms of reference, scope, key issues and target dates; and
- identifying staff needs and likely cost.

The Lead Officer will be the point of contact for liaison with Action Fraud, the Police, external audit, and so on. He/she should ensure there is consideration of whether, or not, the Regulation of Investigatory Powers Act applies to any aspect of the investigation.

The Lead Officer will report progress to the Director of Corporate ServicesResources and recommend action (internal disciplinary action or prosecution).

The Lead Officer will arrange any necessary recovery action.

The Lead Officer will prepare a summary note identifying system weaknesses and lessons to be learnt, together with an action plan specifying officers responsible and completion dates.

It is important that all documentation and articles are collated at an early stage.

Advice can be obtained from Cumbria Constabulary (see paragraph 4.10). Guidelines are set out in the CIPFA booklet: '*The Investigation of Fraud in the Public Sector'.* Key points include:

- prime documents should be removed to a safe place, with copies being used for working purposes (in order to maintain secrecy, batches of documents, as opposed to individual items, should be removed);
- working papers should be dated, initialled and set out in such a way that a lay person could understand them and they could be presented in Court;
- observation of activities should be undertaken by two members of staff, in accordance with the Regulation of Investigatory Powers Act; and

- interviewing must observe the Police and Criminal Evidence Act requirements and is best done by the Police.

4.7 Responsibilities of the Chief Officer

In conjunction with the relevant Assistant Director, the Chief Officer will make any necessary arrangements:

- for the member of staff under suspicion to be suspended, if required, pending the investigation and provide alternative staff cover;
- to secure any documents, equipment, or premises that could be interfered with; and
- to arrange to have documents available for scrutiny.

4.8 Responsibilities of the Head of Policy and Human Resources

If staff are involved:
- advise on personnel and procedural issues in relation to:
  - ▷ investigations;
  - ▷ suspension;
  - ▷ disciplinary proceedings; and
  - ▷ dismissal;

- advise managers on the wording of future references, file notes and personal file details.

4.9 Action to be Taken by Staff on the Discovery of a Potential Offence

On discovering or suspecting theft, fraud, bribery or corruption, it is essential that staff inform the Director of ~~Corporate Services~~Resources or the Assistant Director ~~of Governance~~Legal and Democratic Services (Monitoring Officer) immediately. If this is not practicable, an Assistant Director should be informed. Out of office hours, the Chief Officer must use discretion as to whether to inform Action Fraud or the Police. This is particularly relevant in cases of theft, where a delay in reporting to the Police may be undesirable.

Confidentiality will be respected and anonymous 'tip-offs' will be assessed and followed up where appropriate. It is in the interest of staff to report suspicions. Full details should be made available, though any actions should not arouse the suspicions of those who may be involved. The Council's Confidential Reporting Code gives full details of how confidentiality is dealt with and how those with concerns can report outside the Council if they wish.

During an investigation, details should not be discussed with anyone other than members of the Investigation Team, as this may jeopardise the successful outcome.

Media attention should be directed to the Director of Corporate Service who will liaise with the communications team and Police as appropriate. Once a potential offence is suspected to have been committed, a decision will require to be taken on whether, and when, to involve the Police, or any investigation agency. This decision will be taken with the relevant Chief Officer, in consultation with the Chief Executive, the Director of ~~Corporate Services~~Resources, and any appropriate Member. The decision should be taken promptly. Care should be taken not to affect any prospective Police investigation. Account should be taken of the seriousness of the offence, its nature, effect and impact in deciding whether to call the Police. If Police intervention is thought necessary, or likely, they should be informed at the earliest possible stage. This is usually done through Action Fraud. Advice

should be sought from the Police, or the Monitoring Officer, if necessary. Contact should be maintained by the Investigation Officer until any investigation has been concluded.

4.10   Contact Telephone Numbers

Internal

Director of Resources	~~Ext tbc~~01768 212207
Assistant Director Finance & HR	~~Ext 2209~~01768 212208
Monitoring Officer	~~Ext tbc~~01768 212249
(Assistant Director ~~of Corporate Services~~Legal and Democratic Services)	~~Ext 2237~~
~~Head of Policy and HR~~HR & OD Manager	~~Ext 2243~~01768 212113
~~Senior Auditor~~	~~Ext 2227~~

External

~~Cumbria Police~~	~~101 (ask for the Fraud Squad)~~
Action Fraud	0300 123 2040
External Audit: Grant Thornton	0161 953 69004

4.11   Prosecution Policy

It is Council policy that any apparent criminal activity committed against the Council will be referred to the Police, or other appropriate enforcement agency. In appropriate cases, the Council will also use civil procedures to recover any losses it has incurred.

Section 5 - Council Guidelines

5.1   List of Guidelines

The Council has various guidelines which are designed to give a framework for internal control and to ensure that sound systems are in place. It is important that all Members and staff are aware of the content of these guidelines. The most important documents in respect of anti-fraud and corruption are:

Accounting and Audit Rules	~~Procurement, Tendering and Contracts~~ Part 3 F of the Constitution
Procurement Rules	~~Procurement, Tendering and Contracts~~ Constitution (Part 3G)
Code of Conduct for Members	Constitution (Part 4~~5~~: Codes and Protocols)
Code of Conduct for Officers	Constitution (Part 4~~5~~: Codes and Protocols)
Confidential Reporting Procedure	Council Policy and Strategy Documents Confidential Reporting Code
Planning Code of Conduct	Constitution (Part 5: Codes and Protocols)

Accounting and Audit Rules	~~Procurement, Tendering and Contracts~~ Part 3 F of the Constitution
~~Bribery Act 2010 Guidance~~	~~Bribery Act Guidance~~

Section 6 - Annual Update

6.1 The monitoring and review of the Strategy will normally be undertaken annually. However, it may be updated in response to any stimuli, such as an external report, or an incident of fraud, theft, corruption, or bribery. The review will take account of any guidance and revisions to the guidance on bribery. The Assistant Director Finance and HR is responsible for its update. It will be approved by the Accounts and Governance Committee.

6.2 In drafting the amended version the Director of ~~Corporate Services~~Resouces will consult:

- Senior Managers
- Internal Audit
- External Audit
- Financial Services
- IT Shared Services
- Key staff on housing benefits, property sales and cash collection.

6.3 The final version will be posted on the Corporate and Members' Bulletin Boards and made available on the Fraud page of the Corporate Centre section of SharePoint.

6.4 The Council's major contractors will be made aware of this Strategy.

If staff have any queries on the content of these guidelines, please contact the Director of ~~Corporate Services~~Resources.

Updated ~~November~~ June 202~~0~~2

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