

Counter Fraud, Bribery and Corruption Framework

Assurance, Risk and Audit

Contents

Counter Fraud, Bribery and Corruption Framework

1. Introduction	3
2. The Chartered Institute of Public Finance & Accountancy (CIPFA)	5
3. Definitions	5
4. Zero Tolerance Culture	7
5. Prevention	9
6. Deterrence	13
7. Detection and Investigation	15
8. Awareness and Training	17
9. Monitoring and review	17
APPENDIX A	18
Introduction to Fraud	
APPENDIX B	20
Examples of Bribery	

Counter Fraud, Bribery and Corruption Framework – June 2019

“Supporting a culture of openness, honesty and integrity”

1. Introduction

Allerdale Borough Council has a responsibility for the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of public funds. In undertaking these services there is a responsibility to have counter fraud, bribery and corruption arrangements in place and it is essential that the management of the risk of fraud is placed at the very top of the Councils governance arrangements.

The overall objective is to limit the Council's exposure to fraud, bribery and corruption, and to minimise financial loss and the potential adverse effects on its reputation in the event of this occurrence by:

- creating a counter fraud policy
- understanding the fraud risks facing the Council
- implementing measures to deter, prevent and detect fraud
- promptly and professionally investigating alleged or detected fraud; and
- imposing appropriate sanctions and redress where fraud, bribery or corruption are proven

All members and employees of the Council should ensure the highest standards of stewardship of public funds, and the detection, prevention and reporting of fraud, bribery and corruption is the responsibility of all members and employees of the Council. The Council aims to fight fraud, bribery and corruption by encouraging prevention whilst also promoting detection.

It is important to note that fraud may be committed both from within the Council and externally. Fraud may be complex or simple; opportunistic, pre-planned or continuous; and unlike fraud, bribery and corruption usually require the involvement of a council member or employee.

Allerdale Borough Council is taking measures to: prevent the Council and its officers being exposed to money laundering activity, identify areas in which money laundering may occur and comply with the specific relevant legal and regulatory requirements, and in particular the process for reporting actual or suspected money laundering cases. It is the responsibility of every officer to be vigilant and act promptly in all suspected cases.

Allerdale Borough Council is committed to supporting employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns without fear of reprisal. A whistleblowing process has been established that preserves confidentiality and anonymity to encourage individuals to raise their concerns regarding not just fraud, corruption and financial irregularity, but any unlawful

act or unethical or other inappropriate behaviour. The Council's Whistleblowing Policy remains as a separate document to make it more readily accessible to employees of the Council and those of its contractors and suppliers.

These policies fully support the Council's desire to conduct all its business with honesty and integrity, in a manner that is free from fraud, corruption and impropriety in whatever form it takes. They demonstrate that the Council will not tolerate any party who it either employs or works with entering into acts of fraud, corruption or malpractice that would damage its reputation or financial standing. They reiterate that the Council is committed to dealing firmly with illegal activity and financial irregularity, and will deal equally with perpetrators from inside (elected members and employees) and outside the Authority in a consistent manner that is proportionate to the incident. These policies, however, will not compromise the Council's Fair Treatment Policy or any obligations as an employer.

This framework defines the approach to managing the risk of fraud, bribery and corruption across the organisation and ensures that best practice is embedded across all services, projects and partnerships. The steps to be taken if such an act occurs are set out in the Fraud Response Plan. The Council is determined that these arrangements will keep pace with any future developments in techniques to both prevent and detect fraudulent or corrupt activity that may affect its operations. This policy will be reviewed regularly, and updated where appropriate.

All elected members and employees are expected to be alert to theft, fraud, corruption and bribery and how it can occur and report any suspected incidents in accordance with the procedures set out in the Fraud Response Plan, or using safeguards provided by the Council's Whistleblowing arrangements.

Any employee found to be involved in theft, fraud, corruption, bribery, irregularity or malpractice is liable to disciplinary action, dismissal and prosecution. Appropriate action will be taken against third parties including the possible termination of contracts.

The Council also benefits from a high degree of external scrutiny of its affairs by a variety of bodies such as the external auditors, inspection bodies, the Local Government Ombudsman, the Information Commissioner's Office and HM Revenues & Customs. These bodies are important in highlighting any areas where improvements can be made.

This policy is the responsibility of the Monitoring Officer (Head of Governance) supported by Assurance Risk and Audit and will be periodically presented for approval by the Audit Committee.

2. The Chartered Institute of Public Finance & Accountancy (CIPFA)

Code of practice principles

Leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

The five key principles of the code are to:

- acknowledge the responsibility of the governing body for countering fraud and corruption
- identify the fraud and corruption risks
- develop an appropriate counter fraud and corruption strategy
- provide resources to implement the strategy
- take action in response to fraud and corruption

The Principles - Acknowledge, Prevent and Pursue

Acknowledge	Prevent	Pursue
Acknowledging and understanding fraud risks	Preventing and detecting more fraud	Being stronger in punishing fraud/recovering losses
<ul style="list-style-type: none"> • Assessing and understanding fraud risks 	<ul style="list-style-type: none"> • Making better use of information and technology 	<ul style="list-style-type: none"> • Prioritising fraud recovery and the use of civil sanctions
<ul style="list-style-type: none"> • Committing support and resource to tackling fraud 	<ul style="list-style-type: none"> • Enhancing fraud controls and processes 	<ul style="list-style-type: none"> • Developing capability and capacity to punish fraudsters
<ul style="list-style-type: none"> • Maintaining a robust anti-fraud response. 	<ul style="list-style-type: none"> • Developing a more effective anti-fraud culture. 	<ul style="list-style-type: none"> • Collaborating with law enforcement.

3. The Chartered Institute of Public Finance & Accountancy (CIPFA)

Definitions

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as:

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

The Fraud Act 2006 defines fraud in law in three classes:

- fraud by false representation
- fraud by failing to disclose information; and
- fraud by abuse of position

Bribery

CIPFA defines bribery as:

“an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage”.

The Bribery Act 2010 contains the following four categories of offence and, whilst it was updated in May 2013, these categories of offence remained unchanged:

- offering, promising or giving a bribe to another person
- requesting, agreeing to receive or accepting a bribe from another person
- bribing a foreign public official; and
- a corporate offence of failing to prevent bribery

Corruption

CIPFA defines corruption as:

"the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person."

The Serious Fraud Office provides a number of indicators of corruption, including:

- private meetings with public contractors or companies hoping to tender for contracts
- making unexpected or illogical decisions accepting projects or contracts
- abuse of the decision process or delegated powers; and
- agreeing contracts not favourable to the organisation

Those convicted face fines and or imprisonment.

Anyone committing fraud against the Council could be convicted under the Fraud Act 2006. The following offences carry a maximum of 10 years imprisonment:

- fraud by false representation, e.g. using a false identity to open a bank account
- fraud by failure to disclose information, e.g. a person who intentionally fails to disclose information when applying for grants
- fraud by abuse of position, e.g. an employee who abuses his/her position in order to grant contracts or offers discounts to friends, relatives or associates

Corruption is the deliberate misuse of your position for direct or indirect personal gain and includes offering, giving, soliciting, requesting or accepting bribe or reward which

influences your actions or the action taken by the authority, its elected members or employees.

The Council will manage its bribery risks through the implementation of a range of measures that support the following principles for implementing adequate procedures:

- proportionality
- top level commitment
- risk assessment
- due diligence
- communication
- monitoring and review

Bribery risks will be identified, evaluated and managed in accordance with the Council's Risk Management Framework and Integrated Assurance Strategy.

For the avoidance of doubt, any employee of the Council or other person or company associated with it shall not offer, give, solicit or accept any bribe, whether in cash or by way of any other type of inducement, to or from any person or body, wherever they are situated and whether they are:

- a public official or body
- a private person
- a company
- any individual employee, agent or other person or body acting on the Council's behalf

"For the avoidance of doubt, it is an offense for any Council employee or any other person or company connected to it, to solicit, offer, give or accept and bribe, whether in cash or other form of inducement".

4. Zero Tolerance Culture

The Council is committed to carrying out business fairly, honestly and openly and has a zero tolerance to all forms of fraud including, without limitation, bribery, corruption and money laundering.

The Council aims to uphold the Seven Principles of Public Life developed by the Nolan Committee on Standards in Public Life. The seven principals are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness

- Honesty
- Leadership

High ethical standards are an integral part of good governance and in promoting good governance, the council aims to create a counter fraud culture to help deter people from committing fraud and to encourage those who suspect fraudulent activity to report it.

The Council recognises that a sound counter fraud culture is essential if a strong control framework is to be adhered to with its members and employees playing a key role in achieving its 'zero tolerance' culture towards fraud and corruption. The Council therefore expects high standards of conduct and probity from members and employees and requires them at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible. The prevention and detection of theft, fraud, corruption, bribery, irregularity or malpractice and the protection of the public purse are everyone's responsibility.

This culture alone cannot guarantee immunity from fraud, corruption and bribery. The Council is embarking on steps to raise awareness amongst members and employees, giving them the confidence to act when suspicions are aroused. An assessment of the fraud, corruption and bribery risks will be undertaken to ensure the Council develops and maintains an appropriate strategy and response to manage those risks on an on-going basis including prevention, detection and pursuing the full range of sanctions available.

Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- a criminal offence
- a failure to comply with a statutory or legal obligation
- improper or unauthorised use of public or other funds
- a miscarriage of justice
- maladministration, misconduct or malpractice
- the offering, giving, solicitation, or acceptance of any bribe
- endangering of an individual's health and safety
- damage to the environment
- deliberate concealment of any of the above

The Council will deal firmly with those who commit fraud, bribery or who are corrupt, or where there has been malpractice. The Council's Fraud Response Plan provides details of how this will be achieved.

There is, of course, a need to ensure that any investigation process is not misused and all actions are taken in a fair and equitable manner in accordance with legislation, in particular the Human Rights Act, Equality Act 2010 and any policies or procedures

that may have an impact. Therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.

When fraud, corruption or bribery have occurred because of a breakdown in the Council's systems or procedures, the Council will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

5. Prevention

The following internal control measures are in place to assist with the prevention of fraud:

- The Monitoring Officer (Head of Governance) has a duty to report to the Council where it appears to them that any proposal, decision or omission by the Council, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- The Section 151 officer (Head of Financial Services) has a statutory responsibility under the Local Government Act 1972 to ensure the proper administration of the council's financial affairs.
- The Accounts and Audit Regulations 2015, require the council to maintain a sound system of internal control and the council has delegated this responsibility to the director of governance, finance and public services.
- Senior managers ensure that internal controls, including those in a computerised environment are adequately designed and effectively operated.
- The Assurance Risk and Audit Service reviews the adequacy of the Council's internal controls, including those to prevent fraud, and supports the Council's participation in the National Fraud Initiative (a data matching exercise) that identifies indications of potential fraud.

The Role of Elected Members

As elected representatives, all members of the Council have a duty to citizens to protect the Authority from all forms of abuse and avoid conflicts of interest.

Elected members are informed of the Council's governance standards following their election and as part of their declaration of acceptance of office. Elected members must also sign an undertaking to comply with the Code of Conduct before they act as members and must register their financial and other interests with the Monitoring Officer within 28 days of taking office. It is the duty of individual members to notify the Monitoring Officer of any changes to their original declaration. The Monitoring Officer (Head of Governance) advises members of new legislative or procedural requirements.

Responsibilities of the Corporate Director

All incidents of fraud, corruption, irregularity etc. will be brought to the attention of the Corporate Director as set out in the Fraud Response Plan, reflecting the seriousness

the Council attaches to such incidents. Investigations will only proceed on his authorisation, ensuring a consistent and proportionate approach will be taken.

The Corporate Director will ensure:

- the environment exists to embed a 'Zero Tolerance' fraud culture
- the capability of the Council's response is appropriately resourced to enable analysis, investigation, sanction and recovery
- resources are available to capture fraud data to comply with the Local Government Transparency Code

Responsibilities of the Monitoring Officer (Head of Governance)

The Monitoring Officer (Head of Governance) is responsible for the Council's management of corporate fraud. This entails:

- implementing anti-fraud and corruption initiatives from Government and anti-fraud and corruption organisations
- driving fraud risk management
- establishing a fraud incident log and mechanism for Transparency Code disclosures
- providing leadership to embed an anti-fraud and corruption culture

The Role of Managers

Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of and understand the Council's Financial Regulations, and Procurement Procedures, and that the requirements of each are being met in their everyday business activities. They should establish an appropriate hierarchy of authority and separation of duties to prevent and minimise incidents of fraud and irregularity and avoid conflicts of interest. In addition, managers must make their employees aware of the requirements of the Code of Conduct for employees and ensure any appropriate declarations of interest are refreshed annually.

Managers are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities, and to make their staff aware of the Council's 'Whistleblowing Policy'.

The Council recognises that a key preventative measure in dealing with fraud, corruption and bribery is for managers to take effective steps at the recruitment stage, with support from Human Resources (HR) colleagues, to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The Council has a recruitment procedure, which contains appropriate safeguards on matters such as obtaining written references and verifying qualifications held, and as with other public bodies, police checks are undertaken on employees

working in certain types of employment. Further checks may be introduced in areas where an increased risk of potential fraud and corruption has been identified, allowing allow the Council to exercise due diligence in the selection of employees.

Responsibilities of Employees

Each employee is governed in their work by the Council's Constitution and Financial Regulations, Procurement Procedures, Code of Conduct for employees and other policies (e.g. Health and Safety, Computer and Telephony Usage Policy etc.). These policies include guidelines on gifts and hospitality, professional and personal conduct and conflicts of interest and are referred to by all employees as part of their contract of employment when they join the Authority. Copies are available on the intranet but can be provided by managers or HR if required.

Additionally, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Authority. This includes information that the Council holds and employees should also ensure they comply with the provisions of the Data Protection Act 2018 and General Data Protection Regulations 2018 (GDPR) at all times. These should be included in induction training and procedure manuals.

Employees are expected to be always aware of the possibility that theft, fraud, corruption or bribery may occur in the workplace and to share their concerns with management. Concerns should be raised, in the first instance, directly with their supervisor or manager or alternatively with their Head of Service, the Monitoring Officer (Head of Governance), the Corporate Director or a member of the Assurance Risk and Audit section. Other possible reporting routes are set out in the Council's 'Whistleblowing Policy'.

Conflicts of Interest

Both elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest in accordance with their respective codes of conduct. Managers should be alert to scenarios that could place their staff at risk and make arrangements to refresh their register of interests on a periodic basis. Such situations can arise with externalisation of services, tendering, planning and land issues, etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

Official Guidance

In addition to the Constitution, Financial Regulations, and codes of conduct, service units may have their own procedures to prevent and detect fraud. Procurement procedures provide safeguards to ensure an open and transparent tendering process, including the evaluation and selection of suppliers, that is free from bias and allows the Council to exercise appropriate due diligence according to the nature and scale of the requirement. In addition, audit reports may also be available which recommend methods to minimise losses to the Authority. Managers and employees must be made aware of these various sources of guidance and alter their working practices

accordingly.

The Role of Internal Audit

The Public Sector Internal Audit Standards require internal auditors to be knowledgeable to evaluate the risk of fraud. This vital preventative supporting role is delivered through ensuring that management have put systems and procedures in place to prevent and detect fraud and corruption. The Council's Assurance, Risk and Audit team will review these systems and procedures as part of their planned audit assignments consisting of:

- system based audits aimed at optimising control therefore assisting towards fraud prevention
- financial procedure and regularity audits including tests designed to detect certain types of fraud
- supporting the business to map and evaluate the assurance in place including counter fraud measures
- establishing and maintaining a fraud, corruption and bribery risk assessment, associated action plan and liaising with colleagues to implement appropriate mitigating actions

Assurance, Risk and Audit provides support to the Monitoring Officer (Head of Governance) in managing corporate fraud. This includes investigating cases of alleged or suspected fraud or irregularity as and when required in accordance with the Fraud Response Plan, with the exception of Revenues and Benefits fraud (see below). The Assurance, Risk and Audit team liaise with management to recommend changes in procedures to prevent further losses to the Council.

The Role of External Auditors

Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through carrying out specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption. Whilst it is not the external auditor's function to prevent fraud and irregularity, they are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.

Co-operation with Others

Assurance, Risk and Audit will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities with external agencies such as:

- police
- county, unitary and district authorities
- national Fraud Authority

- national Fraud Initiative
- national Anti-Fraud Network
- department of Works and Pensions
- government departments

The Council participates in the National Fraud Initiative data matching exercise for which the Section 151 Officer (Head of Financial Services) is accountable. The Section 151 Officer is supported by the Assurance, Risk and Audit Manager who acts as the key contact ensuring the relevant officers are advised of the data set requirements and have access to the NFI system to upload the data. They also co-ordinate the action taken on matches returned by the exercise.

The Council will seek to use technology to facilitate data analysis, both internally and exploring the possibilities of sharing data with other organisations for the purpose of fraud prevention and detection.

6. Deterrence

The Council values its reputation for financial probity and reliability and it recognises that over and above any financial damage suffered, fraud, bribery and corruption may also reflect adversely on its reputation. The Council's aim therefore, is to limit its exposure to fraud, bribery and corruption by:

- developing and maintaining cost effective measures and procedures to deter fraud, bribery and corruption
- taking firm and vigorous action against any individual or group perpetrating fraud, bribery or corruption against the council
- encouraging members and employees to be vigilant and to report any suspicion of fraud, bribery or corruption, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- rigorously investigating instances of alleged fraud, bribery or corruption and pursuing perpetrators to seek restitution of any asset fraudulently obtained together with the recovery of costs; and
- assisting the police and any other appropriate authorities in the investigation and prosecution of those suspected of fraud, bribery or corruption

Disciplinary Action

Theft, fraud, corruption and bribery are serious offences against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities in accordance with the Disciplinary Procedure. Disciplinary action may be taken in addition to, or instead of, criminal proceedings in a consistent and proportionate manner depending on the circumstances of each individual case.

Suspected theft, fraud, corruption or bribery by elected members will be dealt with as allegations of a breach of the Code of Conduct for Members and will be referred to the

Standards Committee for investigation and decision in accordance with their procedures and the provisions of the Localism Act 2011.

Prosecution

Suspected Housing and Council Tax Benefit fraud is referred to the Department for Work and Pensions (DWP) Single Fraud Investigation Service. Cases involving corporate fraud or corruption committed by elected members, employees or external parties will be considered on an individual basis and it is highly likely that the Council will seek to prosecute offenders wherever appropriate. The Council, however, also recognises that it may not always be in the public interest to refer cases for criminal proceedings.

The Council will always seek to recover losses and will use both civil and criminal litigation as necessary. It is vital to demonstrate that crime does not pay.

External parties

Contracts with third parties are drawn up to include clauses designed to protect the Council in the event of any incident of fraud, corruption or bribery on the part of a body associated with it.

The Council is entitled under its current standard Terms and Conditions of Contract to terminate a contract forthwith and to recover from the contractor or supplier the amount of any loss resulting from such termination if it:

- is convicted of a criminal offence
- is guilty of conduct bringing it or the Council into serious public disrepute
- directly or indirectly offers, promises or gives an inducement or reward for improper performance of the contract
- commits any offence under the Bribery Act, legislation or common law concerning fraudulent acts, or defrauding, attempting or conspiring to defraud the Council

Earlier contracts that do not include these terms and conditions will be replaced as they come to an end and a new procurement undertaken. Risks to the Council presented by contracts that do not contain these terms and conditions will be evaluated as part of a fraud and bribery risk assessment and appropriate mitigating action identified.

Publicity

The Council will optimise the opportunities to use publicity as a deterrent in association with its anti-fraud, corruption and bribery activity. All anti-fraud, corruption and bribery activities, including prosecutions, may be publicised in order to make employees and the public aware of the Council's commitment to taking action on fraud and corruption when it occurs.

In appropriate cases where financial loss to the Council has occurred, the Council will seek to recover the loss and advertise this fact.

Awareness

Promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of its counter fraud work.

7. Detection and Investigation

General

Whilst having regard to the requirements of the Data Protection Act 2018 and the General Data Protection Regulation (GDPR) 2018, the Council actively participates in an exchange of information with external agencies on fraud and corruption activity in relation to public bodies. These include:

- cumbria Constabulary and other police forces
- cumbria Chief Financial Officers' Group
- the council's external auditor
- national Anti-Fraud Network
- the National Fraud Initiative
- other local authorities; and
- the Department for Work and Pensions and other government departments

There are numerous system controls in place to deter fraud, corruption and bribery, but it is often the vigilance of employees and members of the public that aids detection. Whilst individuals should never approach or accuse others directly or attempt to gather evidence regarding their suspicions, details should be recorded at the time to assist in the reporting and initial review of any incidents.

In some cases frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of the Human Rights Act 1998 and Regulation of Investigatory Powers Act 2000.

Whatever the source, it is imperative that the Council has access to an appropriate investigative resource, consisting of trained and experienced investigators working to established professional standards, in order to ensure a successful outcome. The Council will consider collaboration with other organisations to achieve this as appropriate.

Assurance, Risk and Audit

Assurance, Risk and Audit plays an important role in managing the risk of fraud and corruption. Included in their annual plans are reviews of the effectiveness of financial

system controls which include fraud prevention and detection measures put in place by management. Spot checks and unannounced visits may be undertaken if required.

Whilst this approach may result in the detection of instances of fraud and corruption, this is not the role of Assurance, Risk and Audit.

Revenues and Benefits Fraud

The Revenues and Benefits Shared Service is committed to the effective, accurate and secure delivery of Housing Benefits and Council Tax support.

The Single Fraud Investigation Service at the DWP is responsible for all benefit fraud investigations, in accordance with the requirements of the Police and Criminal Evidence Act 1984 (PACE), the Criminal Procedure and Investigation Act 1996 (CPIA), the Regulation of Investigatory Powers Act 2000 (RIPA) and other relevant legislation.

Responsibility for the validity of Council Tax support and discounts remains with Allerdale Borough Council. Officers request details from customers where information suggests customers are ineligible and amend records accordingly.

Reporting

All suspected irregularities should only be reported, as per the Council's Fraud Response Plan, this is essential to the Policy, and:

- ensures the consistent treatment of information regarding fraud, corruption and bribery
- ensures consistent and proportionate action is taken in respect of all reported incidents
- facilitates a proper and thorough investigation by an appropriately trained and experienced team, working to professional standards in accordance with the requirements of the Human Rights Act 1998, PACE, CPIA and RIPA

This process will apply to all the following areas:

- internal fraud, corruption or bribery
- other fraud, corruption or bribery by Authority employees
- fraud, corruption or bribery by suppliers and contractors' employees
- external fraud (the public)

Alleged fraud, corruption or bribery by elected members will be reported to the Monitoring Officer (Head of Governance) to be dealt with by the Standards Committee in accordance with their procedures.

A register of all suspected and confirmed cases of fraud, corruption and bribery will be maintained by the Monitoring Officer (Head of Governance) and this will be reported

annually to the Audit Committee as part of an evaluation of the Authority's fraud response.

8. Awareness and Training

The clear messages of this Counter-Fraud, Corruption and Bribery Policy will be communicated and available to all elected members and employees. This will be supplemented by appropriate training for employees and members so that they can recognise and avoid acts of fraud, corruption and bribery by themselves and others. Employees will be encouraged to be vigilant and report any suspicions of fraud, corruption and bribery with suitable channels of communication available that are confidential and preserve anonymity if required.

The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of appropriate training and the awareness of the issues amongst elected members and employees throughout the Council. To facilitate this, positive and appropriate provision will be made for employees via their development plans. This includes specialist training where appropriate (e.g. for Assurance, Risk and Audit).

Plans are underway to roll out a new e-learning fraud awareness training package to all employees' with regular newsletter style updates being communicated to members and officers via the intranet on a monthly basis.

This Policy, the Council's 'Whistleblowing Policy' (Confidential reporting code), the Council's Anti-Money Laundering Policy and the Council's Fraud Response plan will be made available to members and employees via the intranet.

9. Monitoring and review

This Policy and the procedures referred to within it will be reviewed periodically to evaluate their effectiveness to manage fraud, corruption and bribery risks in the light of experience and changes in the business. Improvements identified will be introduced as necessary.

Appendix A

Examples and Indicators of Fraud

Fraud by False Representation

A person commits this offence if they:

- dishonestly make a false representation; AND
- intend by making the representation, to make a gain for themselves or another or to cause a loss or to expose another to the risk of loss

In practice this could be:

- a falsified or exaggerated expenses claim by an employee
- claiming to have qualifications that the applicant does not have on a job application form

Fraud by (wrongfully) failing to Disclose Information

A person commits this offence if they:

- dishonestly fail to disclose to another person information which they are under a legal duty to disclose; AND
- intends, by failing to disclose the information to make a gain for themselves or another, or to cause loss to another or to expose another to a risk of loss

In practice this could be:

- not disclosing a criminal conviction on a job application form
- withholding details of financial status when applying for a grant

Fraud by Abuse of Position

A person commits this offence if they:

- occupy a position in which they are expected to safeguard, or not to act against, the financial interests of another person; AND
- dishonestly and secretly abuse that position; AND
- intend, by means of abusing that position, to make a gain for themselves or another or to cause a loss to another or to expose another to a risk of loss

In practice this could be:

- setting up a fictitious employee in the payroll system with the intent of making payments into their bank account
- making a purchase for personal use using the Council's purchasing and accounts payable systems

In each case it is not necessary to successfully achieve the intended outcome, e.g. getting the job or receiving money, there could still be a conviction on the basis of intent.

Indicators of Fraud

Invoices and other official documents are not submitted on headed paper

Duplicate documents e.g. invoices, claim or application forms

Altered documents (correcting fluid, different pen or handwriting, also photocopies as this could be an attempt to conceal alterations)

Requests for payment for goods, works or services that have not been delivered or completed.

Notification of bank account changes

Tender submissions priced much higher or lower than the others received

Complaints from public or employees regarding service quality

Claim or application form details are not readily verifiable

Text is erratic, difficult to read or with details missing

Delayed completion or submission of expenses or other claim forms

Lack of vouchers or receipts to support expenses, petty cash or other expenditure claims

Changes in normal patterns of cash takings, expense claims and similar

Individual appearing to be living beyond their means

Individual under constant financial or other stress

Individual not taking annual leave (preventing others becoming involved in their work) or avoiding taking leave at key time's e.g. monthly reconciliation or reporting

Individual is always first to arrive and last to leave

Individual reluctant to change roles even for career development

Exclusively dealing with a particular individual

Appendix B

Examples of Bribery

Procurement

A potential supplier could offer a bribe in return for awarding them a contract.

Grants

An applicant for grant funding could offer a bribe in return for awarding them the funding that they might not meet the criteria for.

Licensing

An applicant may offer a bribe in order to obtain a licence.

Monitoring and enforcement

Officers could be offered a bribe in return for overlooking unacceptable or illegal activity.

Fees and charges

Officers may be offered a bribe to waive a fee or charge.

Making payments

Officers could be offered a bribe to inflate or make a payment or refund that would not otherwise be due.

Bribes may not always be a monetary payment, but could be in the form of gifts or hospitality. The Council's codes of conduct set out the procedures for gifts, hospitality and the declaration of interests.



Allerdale Borough Council
Allerdale House
Workington
Cumbria CA14 3YJ
Tel: 0303 123 1702
www.allerdale.gov.uk

Document reference
Version
Date

Please phone (0303 123 1702) if you would like a copy of this document in a different format