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ANTI-FRAUD & ANTI-CORRUPTION POLICY

November 2020

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1. INTRODUCTION

1.1 Where people commit fraud against the public sector and public services, they take money away from the services on which the public depend, and damage citizens' trust in the government. The Borough Council of King's Lynn and West Norfolk (the Council) is committed to protecting the public funds entrusted to it and to upholding the highest standards of financial probity and accountability. We cannot afford to be complacent and we urge all our members, employees, contractors and partners to assist us in fighting fraud by having regard to this policy and the risks of fraud when carrying out their duties, recognising that, if uncontrolled, fraud diverts much needed resources from our communities.

1.2 The "Annual Fraud Indicator" produced by Crowe Clark Whitehall estimated that local authorities faced the threat of £7.8bn fraud during 2017, with the public sector as a whole facing £40.4bn (£4.3bn relating to procurement fraud). The Government's "Economic Crime Plan" published in June 2019 stated that the number of fraud offences rose by 12% during 2018 to 3.6 million, constituting a third of all crimes in the UK. Fraud is now the second most common type of crime across England and Wales. The "Economic Crime Plan", also introduced a common definition of economic crime across the public and private sectors, and sets out that economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes activity which:

- Allows criminals to benefit from the proceeds of their crimes or fund further criminality,
- Damages our financial systems and harms the interests of legitimate business,
- Undermines the integrity of the UK's position as an international finance centre, and
- Poses a risk to the UK's prosperity, national security and reputation.

1.3 This policy recognises that the terms "fraud" and "corruption" form part of a much wider agenda, but the policy has not been re-titled "economic crime"; however, acknowledging this enables us to have an awareness and provide a holistic response to the following types of criminality:

- Fraud against the individual, private sector and public sector
- Terrorist financing
- Sanctions contravention
- Market abuse
- Corruption and bribery
- The laundering of proceeds of all crimes.

1.4 This policy details the Council's arrangements for managing the risk of fraud and corruption. We are committed to reducing losses from fraud by using an integrated approach which encompasses the Fighting Fraud and Corruption Locally (FFCL) 2020's standards of:

- Governance (accountability, leadership, awareness, strategy, resources, authority and independence),
- Operations (capability & competency, risk assessment, intelligence & data, collaboration, prevention, investigation and redress), and
- Reporting (measurement, transparency and monitoring).

1.5 The threat and risks of fraud and corruption are ever evolving and can quickly develop into new and complex fraud attacks and as such our response to countering fraud needs to be dynamic as developments in technology, social change and other factors create new challenges.

2. DEFINITIONS

2.1 This policy is designed to cover the risks associated with theft, fraud, corruption, bribery and ICT abuse, whether they are perpetrated by employees, councillors, residents, visitors, contractors, suppliers or individuals and organisations unconnected with the Council. For the purpose of this policy the following definitions are used:

2.2 <u>Fraud</u>
Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

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

In addition, fraud can also be defined as the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent.

The Fraud Act 2006 which came into effect on 15th January 2007 created a new general offence of fraud with three ways of committing it: -
a. Fraud by false representation,
b. Fraud by failing to disclose information, and
c. Fraud by abuse of position.

2.3   Theft
A person is guilty of theft under the Theft Act 1968 if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it. It is immaterial whether the appropriation is made with a view to gain, or is made for the thief's own benefit. In terms of "appropriation", any assumption by a person of the rights of an owner amounts to an appropriation, and this includes, where they have come by the property (innocently or not) without stealing it, any later assumption of a right to it by keeping or dealing with it as owner. "Property" includes money and all other property, real or personal, including things in action and other intangible property.

2.4   Corruption
Corruption is defined as the offering, promising or giving a payment or benefit-in-kind in order to influence others to use their position in an improper way to gain an advantage. It is also a criminal offence to request, agree to receive or accept a bribe.

2.5   Bribery
A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity. The Bribery Act 2010 reformed criminal law regarding bribery related offences, making it easier to tackle this offence proactively in both the public and private sectors. Four main offences of bribery were created as a result of the act:
- Offence of bribing another person
- Offence of being bribed
- Bribery of foreign public officials
- Failure of commercial organisations to prevent bribery

The corporate offence of failure to prevent bribery means that commercial organisations (including public organisation's wholly owned companies, subsidiary companies, and traded services) and their boards may be exposed to criminal liability if it is found that adequate procedures to prevent bribery have not been implemented.

2.6   ICT Abuse
There is no definition of ICT fraud and abuse, but the Audit Commission devised the following list to determine the different acts that it covers:

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

2.7 Money Laundering

Money laundering is a term applied to any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to the Council is relatively low and the provisions of the Money Laundering Regulations 2007 do not strictly apply to the Council as an organisation, it has adopted an "Anti-Money Laundering Policy" as good practice. This policy supports all staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013, Serious Crime Act 2015 and the Criminal Finances Act 2017), Terrorism Act 2000 (as amended by the Criminal Finances Act 2017) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended by Money Laundering and Terrorist Financing (Amendment) Regulations 2019.

3. **POLICY STATEMENT**

3.1 The Council is committed to the prevention, detection and deterrence of fraud and corruption and the protection of public funds. This policy is the over-arching anti-fraud and anti-corruption policy for the Council and all of the varying functions that it delivers, including any functions and activities delivered through its Local Authority Trading Companies (LATCs) in its fight against fraud and corruption both internally and externally. For the purpose of this Policy the term "Council" refers the Council and its LATCs.

4. SCOPE

4.1 The Council faces several different fraud and corruption risks over a large range of service areas and functions that it undertakes. The Internal Audit team have developed and maintain a Fraud Risk Register for its internal use to establish risks and highlight internal controls that can be used to mitigate those risks to minimum/acceptable levels. The Fraud Risk Register enables the Council to identify both internal and external fraud and corruption risks and then assess their likelihood and impact. It then evaluates the risks and identifies internal anti-fraud controls to be implemented to prevent, detect and mitigate residual fraud risk. The Fraud Risk Register is maintained as a live document in order to continue to inform and update on counter fraud activities and controls required. The fraud risks that the Council face include (but are not limited to):

All Service Areas/Corporately

- Commissioning of Services, including joint commissioning, joint ventures, commercial services and partnerships with voluntary organisations involving risk of conflicts of interest, collusion, etc.
- False payment of grants, loans or other financial support to any private individual or company, charity, or non-governmental organisation.
- False identity/fictitious persons applying for services/payments.
- Where an officer receives an email purporting to be from a senior officer requesting an urgent payment is made to a specified account.
- Exposure to suspect transactions (including money laundering).
- Cartels and organised crime groups (OCGs) increase prices by reducing or removing competition. OCGs can fraudulently obtain social housing or taxi licensing, make fraudulent benefit claims or use Council services to launder criminal proceeds.
- The introduction of corporate criminal offences under the Criminal Finances Act 2017 introduces a strict liability for failing to prevent the facilitation of tax evasion by an associate of the Council, such as an employee or contractor. For example, a Council employee conspires with a supplier to falsify the amount paid on an invoice so that the supplier can evade paying income or corporate taxes. The Council will need to ensure that risks are identified and that procedures proportionate to those risks have been implemented.
- Bribery related matters.
- Theft of cash, assets or other items such as data/information.
- Work not carried out, funds diverted, ineligibility not declared.

Care & Repair

- Fraudulent applications for adaptions/disabled facilities grants to homes aimed at the disabled.

<u>Financial Services</u>
- Where the Council receives a telephone call, email or letter purporting to be from a supplier requesting that their bank account details are amended.
- False claims, including slips and trips.

<u>Housing and Tenancy Related</u>
- Fraudulent applications under the right to buy/acquire.
- False applications for assistance with housing requirements.
- Fraudulent applications for housing or successions of tenancy, and subletting of the property. Local Authorities have the powers and jurisdiction to investigate tenancy fraud offences relating to social housing (including on behalf of Housing Associations) under the Prevention of Social Housing Fraud Act 2013.

<u>ICT</u>
- According to Big Brother Watch: Cyber-attacks in local authorities (February 2018) there are 37 attempted breaches recorded every minute. Cyber criminals use a variety of methods to expose and extract information and money from councils. GDPR increases the impact of cyber threats for councils as serious data breaches could result in penalties of up to 20 million euros or 4% of annual turnover being imposed by the Information Commissioner's Office (ICO).

<u>Payroll</u>
- False ("ghost") employees, fraudulent overtime and expenses claims.

<u>Planning</u>
- Relating to Section 106 Agreements and Community Infrastructure Levy (CIL) payments.

<u>Procurement</u>
- Number of potential procurement frauds, such as contract and tendering issues, split contracts, double invoicing, etc.

<u>Revenues & Benefits</u>
- Fraudulent applications for exemptions and reliefs (such a Small Business Rate Relief), unlisted properties (i.e. hereditaments that have not been appropriately registered for billing purposes).
- Fraudulent applications for and/or failure to report changes affecting discounts and exemptions (such a Single Person Discount, Student Disregards, Zero Occupancies and second home discounts, etc.).
- Fraudulent applications for and/or failure to report changes affecting Council Tax Support claims (such as undeclared partner's and/or other

household members, undeclared income, undeclared capital, property, savings and/or investments).

5. AIMS

5.1 This policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both internally and externally. As such this policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimise the losses incurred.

5.2 There is an expectation and requirement that all Members, employees, consultants, contractors, partner organisations, volunteers and service users be fair and honest, and if able to do so, provide help, information and support to assist the investigation of fraud and corruption. In addition, advice on how members of the public may raise suspicions about fraud and corruption is contained within this policy.

6. OBJECTIVES

6.1 The purpose of this policy is to clarify to Members, employees, the general public and other organisations what the Council's policy and approach is and how the Council intends to meet its responsibilities relating to fraud and corruption, whether attempted internally or externally. The Council is committed to an effective anti-fraud and anti-corruption policy designed to:
   a) Encourage prevention,
   b) Promote detection and deterrence,
   c) Ensure effective investigation where suspected fraud or corruption has occurred, and
   d) Take action (including prosecuting offenders) where appropriate.

7. LEGAL FRAMEWORK AND RELEVANT LEGISLATION

7.1 Local Authorities have a statutory duty under Section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. This includes the prevention, detection and deterrence of fraud and corruption.

7.2 In terms of Anti-Fraud and Anti-Corruption there are various criminal offences that can be considered. Section 2 (Definitions) of this policy refers to some of the criminal offences and relevant legislation to be considered. Alongside the offence legislation there are also other relevant pieces of legislation that govern the code of conduct in terms of investigation of offences:

<u>Human Rights Act 1998 (HRA) and the European Convention on Human Rights (ECHR)</u>

The Human Rights Act 1998 (HRA) applies to all public authorities. It incorporates the Articles contained in the European Convention on Human Rights (ECHR) into domestic law, making it unlawful for public bodies, to act in a way which is incompatible with the Convention. Paragraph 1 of Schedule 1 to the HRA lists the Articles under the ECHR. Those listed below are those most relevant to operational policing (investigating) and include the following rights:

- Article 1 Protection of property
- Article 2 Right to life
- Article 3 Prohibition of torture
- Article 4 Prohibition of slavery and forced labour
- Article 5 Right to liberty and security
- Article 6 Right to a fair trial
- Article 7 No punishment without law
- Article 8 Right to respect for private and family life
- Article 9 Freedom of thought, conscience and religion
- Article 10 Freedom of expression
- Article 11 Freedom of assembly and association
- Article 12 Right to marry
- Article 14 Prohibition of discrimination.

<u>Criminal Procedure Investigation Act 1996 (CPIA)</u>

CPIA outlines the disclosure requirements for criminal investigations where persons are charged with a summary offence, indictable offence or one that is triable either way. CPIA further defines a criminal investigation and outlines the codes of practice for any investigation.

<u>Police and Criminal Evidence Act 1984 (and the Codes of Practice) (PACE)</u>

PACE sets out the balance between the powers of the police (or in terms of the Council, its investigating officers) and the rights and freedoms of the public. The PACE codes of practice cover:
- Stop and search
- Arrest
- Detention
- Investigation
- Identification
- Interviewing

<u>The Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA)</u>

RIPA and IPA relate to the use of covert surveillance techniques, such as:
- Directed surveillance,
- Covert human intelligence sources; and
- The acquisition of communications data.

The Council has a separate policy regarding this known as "The Regulation of Investigatory Powers Act 2000 (RIPA) Policy".

<u>The Data Protection Act 2018 (DPA) and the General Data Protection Regulations (GDPR)</u>
In terms of investigations and anti-fraud and anti-corruption, DPA and GDPR govern how personal information/data and other sensitive data is recorded, retained and revealed. DPA and GDPR contain provisions of certain exemptions which can be used:
- For the purposes of the prevention and/or detection of crime (including fraud and corruption);
- The assessment and/or collection of any tax or imposition of a similar nature, and;
- For the apprehension and/or prosecution of offenders.

8. ROLES AND RESPONSIBILITIES
8.1 The following structures are recognised within the Council:

Role	Responsibility
All Councillors	**Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach.** - Demonstrate a commitment to this policy and ensure it has the appropriate profile within the Council. - Facilitate an Anti-Fraud and Anti-Corruption culture.
All Employees	**Uphold the highest standards of conduct and conduct themselves in ways that are beyond reproach.** - Understand and comply with the Council's Anti-Fraud and Anti-Corruption Policy. - Understand their responsibility to report suspected fraud or corruption and how to do it. - Understand the need to declare any interests that may conflict with their work for the Council.
Cabinet	- To approve the Anti-Fraud and Anti-Corruption Policy. - Ensure the policy is effectively implemented across the Council.
Audit Committee	To monitor and review the effectiveness of the Council's risk management arrangements, internal controls and related counter fraud arrangements.
Chief Executive	Ensure that there is strong political and executive

	support for work to counter fraud and corruption.
	• Ensure consistency across Directorates in the implementation of this policy.
Monitoring Officer	• To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
	• To be responsible for matters relating to the conduct of Councillors and employees.
	• To be responsible for the operation of the Council's Constitution.
Assistant Director, Resources (S151 Officer)	• Assistant Director with specific responsibility for the investigation and detection of fraud.
	• To ensure the Anti-Fraud and Anti-Corruption Policy is reviewed and maintained at appropriate intervals.
	• Ensure that those working to counter fraud and corruption are undertaking the work in accordance with a clear ethical framework and standards of personal conduct.
	• Ensure that those working to counter fraud and corruption are professionally trained and accredited for their role and attend regular refresher courses to ensure they are up to date with new developments and legislation.
	• Ensure that there is a level of financial investment in counter fraud and corruption work that is proportionate to the risk identified.
	• Ensure that reports on investigations include a section on identified internal control weaknesses that enabled the fraud to take place and action to be taken to correct the weakness where appropriate.
Executive Director, Central and Community Services	• Ensure there are effective recruitment procedures in place, implemented by appropriately trained officers.
	• Ensure employment policies support the Anti-Fraud and Anti-Corruption Policy.
	• Ensure effective and appropriate sanctions are applied in all relevant cases.
Executive Directors/Assistant Directors	• Ensure the risks of fraud and corruption are identified and procedures implemented to reduce the risk to an acceptable level.
	• Ensure the Anti-Fraud and Anti-Corruption Policy is implemented within their Directorate.
	• Ensure the risk of fraud and corruption is considered in all new processes and appropriate procedures implemented.
	• Determine the appropriateness of gifts and hospitality offered to employees within their Directorate.
	• Maintain a Register of Interests and a Register of Gifts and Hospitality for their employees/service areas.

Managers	• Ensure all their employees are aware of their responsibilities under the Anti-Fraud and Anti-Corruption Policy.
	• Ensure all their employees are aware of all relevant policies and procedures relating to official conduct of Council business.
	• Ensure all their employees are aware of, and understand, the Whistleblowing Policy and arrangements, and the process for reporting fraud.
	• Ensure accurate and timely reporting of gifts and hospitality, and declaration of interests by employees.
Internal Audit	• Be influential to the Council, understanding fraud and corruption, and how it is evolving, and be responsible for the Council's response.
	• Support Executive/Assistant Directors and Managers in identifying and mitigating risks for fraud and corruption.
	• Undertake a planned programme of internal audits to examine the system of internal controls and agree actions to correct any identified weaknesses.
	• Undertake data matching exercises with national/local bodies and investigate results for potential frauds.
	• Provide specialist skills in investigating allegations of fraud, especially where it may result in a prosecution.
Democratic Services Manager	• Ensure Members are aware of their obligations in respect of the Anti-Fraud and Anti-Corruption Policy.
	• Ensure members are aware of, and abide by, their obligations in relation to probity.
	• Maintain a Register of Interests and a Register of Gifts and Hospitality for Members and employees.

8.2 Those charged with governance as above will:
- Acknowledge their responsibility for the management of fraud and corruption risks to the Council;
- Demonstrate support and strategic direction for counter fraud work;
- Help to create the anti-fraud and corruption culture which can be reinforced by their active oversight across the Council;
- Have regard to the rights of citizens and conduct practices ethically and with integrity - following due process; and
- Champion adherence to the above responsibilities and the Council's Corporate Framework (including the Corporate Code of Conduct) and making contractors and consultants aware.

9. RULES AND PROCEDURES

9.1 The Council has various procedures and rules to ensure that the day to day operations and activities are properly controlled and are an important part of the internal control framework. These include: -

- Council Constitution including Financial Regulations;
- Contract Standing Orders Procurement Rules;
- Code of Conduct for Councillors and Voting Co-opted Members;
- Officers' Code of Conduct; and
- Scheme of Delegation.

9.2 Individual Services will have also introduced their own measures designed to control their activities e.g. schemes of delegation, working manuals etc.

9.3 Assistant Directors and Service Managers need to ensure that staff have access to these rules and regulations and that staff receive appropriate training.

9.4 Failure to comply with the rules and regulations may result in formal action being taken. In the case of employees this would be through the Council's disciplinary process and for Members would involve the Standards Committee. It is the responsibility of the Monitoring Officer to report matters to the Standards Committee.

10. ANTI-FRAUD AND ANTI-CORRUPTION CULTURE

10.1 In order to tackle fraud and corruption effectively, the Council aims to develop and maintain an anti-fraud culture which maximises the engagement of all Members, employees, contractors and partners of the Council. We all have a collective responsibility to have an awareness of fraud and corruption, and should consider the following five Fraud and Corruption Principles:

1. **There is always going to be fraud**
- It is a fact that some individuals will look to make gain where there is opportunity, and the Council needs robust processes in place to prevent, detect and respond to fraud and corruption.

2. **Finding fraud is a good thing**
- If you do not find fraud you cannot fight it. The identification of fraud should be viewed as a positive and proactive achievement.

3. **There is no one solution**
- Addressing fraud needs a holistic response incorporating detection, prevention and redress, underpinned by a strong understanding of risk. It

also requires cooperation between organisations under a spirit of collaboration.

4. **Fraud and corruption are ever changing**
–   Fraud, and counter fraud practices, evolve very quickly and the Council must be agile and change its approach to deal with these evolutions when the need arises.

5. **Prevention is the most effective way to address fraud and corruption**
–   Preventing fraud through effective counter fraud practices reduces the loss and reputational damage (although this can be difficult to measure). It also requires less resources than an approach focused on detection and recovery.

10.2 This policy recognises that the Council should strive for a culture and tone of honesty, and opposition to fraud and corruption.

10.3 There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council Members, employees or its agent(s) at all levels will lead by example in these matters.

10.4 The Secretary of State has specified the general principles which are to cover the "conduct of members and co-opted members". The Council will develop its working behaviour around these principles.

10.5 The "Council's Codes of Conduct for Members and Employees" sets out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members and employees must act in line with the codes at all times.

10.6 The Council's employees are a vital element in its stance against fraud and corruption, and they are positively encouraged to raise any concerns that they may have.

10.7 All information supplied will be dealt with fairly, confidentially and in line with the Council's internal sets of procedures.

10.8 Assistant Directors are expected to deal firmly and quickly with those who are corrupt, who seek to corrupt, who defraud, or who seek to defraud the Council. Cases involving staff will usually lead to disciplinary action, which may result in dismissal. Where there is prima facie evidence that a criminal offence has been committed internally it is the policy of the Council to refer cases to the Police.

10.9 There is a need to ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, may be dealt with as a disciplinary matter.

10.10 In relation to complaints involving Members, Internal Audit will consult the Monitoring Officer on whether or not the complaint falls within the scope of the "Members' Code of Conduct" and if so, what further steps (if any) should be taken.

10.11 The Standards Committee includes amongst its roles and functions the promotion and maintenance of high standards of conduct by Members, assisting Members to observe the "Members' Code of Conduct" and the monitoring and operation of the "Member's and Officer's Codes of Conduct". The Audit Committee maintains an overview of Internal and External Audit in relation to the "Member's Code of Conduct" and an overview of the "Whistleblowing Policy".

11. COLLABORATION

11.1 Arrangements are in place and will be maintained to facilitate joint working to enhance the counter fraud activity, and to liaise proactively with other organisations and agencies to assist in countering fraud, sharing resources, skills and learning, good practice and innovation, and information. Information will be exchanged as appropriate on national and local fraud and corruption activity and arrangements with external organisations including:

- The Police;
- Other councils and housing associations;
- Partner organisations to the Council;
- The External Auditor;
- The Local Government Ombudsman;
- The Department for Work and Pensions (DWP);
- The Cabinet Office;
- The National Anti-Fraud Network (NAFN);
- Other member organisations of the Norfolk FraudHub.

11.2 Through such arrangements the Council will also benefit from a range of appropriately skilled people from diverse counter fraud disciplines including, and beyond, investigation.

12. PREVENTION

12.1 There are a number of key processes that can assist in the prevention of fraud, including:

1. Internal Control Systems,
2. Employee recruitment and conduct,
3. Joint working to prevent and combat fraud,
4. Use of technology, and
5. The work of the Audit Committee.

12.2 <u>Internal Control Systems</u>

Internal controls are in place to prevent fraud. It is the responsibility of all managers to establish and maintain systems of internal control and to assure themselves that those controls are properly applied as intended. This includes responsibility for the prevention and detection of fraud and corruption.

The Council implements strong systems of verification of all claims for all types of financial assistance. All data available will be used to corroborate information given by applicants for the purpose of prevention and detection of fraud. Grants and assistance given to external organisations will be monitored to ensure applications are genuine.

The Council also expects partners and contractors to have adequate controls and Whistleblowing procedures in place to minimise fraud and corruption, and this will be written into all contract terms and agreements. Due diligence processes (including monitoring) will also be put in place when engaging and contracting with third parties by the project lead/responsible officer(s).

The Internal Audit Team will ensure that an adequate and effective internal audit is undertaken of the Council's systems and processes and will investigate allegations of fraud and corruption. Any system weaknesses that are identified as part of these investigations will be reported to the relevant manager / Assistant Director and an action plan agreed to remedy the issue. The Audit Committee will receive regular reports from the Internal Audit Manager on the results of internal audits and any investigations, including follow-up on the implementation of agreed actions.

The Internal Audit Team have also developed a Fraud Risk Register which is being used to understand what information and data is held within each service area within the Council that could be subject to fraud and corruption. Internal Audit will maintain the Fraud Risk Register to support the mitigation of risk through the implementation of effective controls.

12.3 <u>Employee recruitment and conduct</u>

Recruitment procedures require that all applicants will provide evidence of any qualifications claimed and all references will be taken up. The right to work in the country will also need to be demonstrated where necessary.

All employees must abide by the Council's rules as contained in relevant policies and procedures. This expectation forms part of the employee's contract of employment. Employees are also expected to follow any additional Codes of Conduct of professional bodies to which they belong.

All new Members and employees shall be given access to this policy document as part of their initial induction process.

12.4 Joint working to prevent and detect fraud

The Council participates in data-matching exercises such as the National Fraud Initiative (NFI), and the Norfolk FraudHub. The Council also makes full use of its statutory powers to obtain information using bodies such as the National Anti-Fraud Network (NAFN) to identify possible instances of fraud. The Internal Audit team also conduct joint working with the DWP for the purposes of investigating benefit fraud/error and with Housing Associations for the investigation of Right to Acquire and Tenancy Fraud.

12.5 Use of Technology

The Council will make use of technology and other measures made available for the prevention and detection of fraud and corruption; this may include software available for these purposes where an appropriate Data Privacy Impact Assessment has been undertaken and legislation allows their use. Examples of such software include the use of "AppCheck", an application checking tool available through the Cabinet Office to highlight risk relating to applications that have been received which may be fraudulent.

12.6 Audit Committee

The Terms of Reference for the Audit Committee require it to *'assess the potential harm to the council from fraud and corruption, monitoring counter-fraud policy, action and resources'*. As such the Committee receives regular reports from the Internal Audit Manager on work carried out and considers the adequacy of the Council's polices relating to the prevention and detection of fraud and corruption.

12.7 All Members and employees are required within 28 days of receiving any gift or hospitality over £25 to provide written notification to the Monitoring Officer or their Assistant Director, of the existence and nature of the gift or hospitality. Registers are maintained of all declarations.

12.8 Members are required to declare their personal and prejudicial interests in accordance with the Code of Conduct for Members and Voting Co-opted Members and to act in accordance with the Code.

12.9 All employees must comply with any requirements of the Council to register or declare interests and declare hospitality, benefits or gifts received as a consequence of his or her employment. Registers of Interests, memberships of, or associations with, clubs, societies and other organisations are kept to protect and safeguard the interests of all staff and the Council, where conflicts of interest may arise. Examples of where conflicts of interest may arise and how they should be approached are given below:

- Employees should not have any involvement in the procuring of goods and/or services from a supplier that is a friend / family member or other associate such as their landlord.
- Employees should not have any involvement in the processing of invoices relating to goods or services from a supplier that is a friend / family member or other associate such as their landlord.
- Employees should not have any involvement in the assessment / processing of claims for grants, benefits, or any other type of financial assistance relating to a friend/family member or other associate such as their landlord.
- Employees should not have any involvement in the handling / processing of any forms / documents relating to business rates accounts, council tax accounts or tenancies / leases of friends / family members or other associates, such as their landlord.
- Employees should not have any involvement in cash transactions or any other type of financial transactions that relate to friends / family members or other associates, such as their landlord.

12.10 Any employees found to be in breach of these controls will be subject to disciplinary proceedings.

12.11 The Council is committed to working and co-operating with other organisations to prevent organised fraud and corruption. This may involve the exchange of information with other organisations and data matching (in accordance with the Data Protection Act and General Data Protection Regulations 2018).

12.12 The Council will conduct other anti-fraud and anti-corruption measures as it sees fit where they are compliant with relevant legislation and/or regulations.

13. HOW TO RAISE CONCERNS

13.1 All employees, Members, customers, suppliers, contractors and members of the public can raise their concerns either via:

- Contacting the Council's Customer Information Centre (01553 616200)
- Emailing internalauditemail@west-norfolk.gov.uk

- Directly contacting the Council's Internal Audit Service (01553 616701)
- Writing to Internal Audit, Borough Council of King's Lynn & West Norfolk, King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1PX

13.2 Council Tax Reduction Scheme (Council Tax Support) fraud can be reported via the following channels:
- Contacting the Council's Customer Information Centre (01553 616200)
- By email to benefit.fraud@west-norfolk.gov.uk
- Online via the Borough Council's website at https://www.west-norfolk.gov.uk/info/20021/benefit_fraud/4/report_benefit_fraud
- Writing to Internal Audit, Borough Council of King's Lynn & West Norfolk, King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1PX

13.3 The Council's Whistleblowing Policy provides further information of how to report other concerns, such as:
- Unlawful activity;
- Conduct contrary to the Council's Standing Orders or policies;
- Where standards or practices fall below the established standards; or amounts to improper conduct such as malpractice or ill treatment of a client/customer;
- Where a criminal offence has been committed, is being committed or is likely to be committed;
- Suspected internal fraud;
- Disregard for legislation, particularly in relation to health and safety at work;
- Breaches of Financial Regulations, Contract Standing Orders, ICT Security Policy;
- Showing undue favour over a contractual matter or to a job applicant;
- Falsification or manipulation of financial records;
- Breaches of any code of conduct or protocol;
- Information on any of the above has been, is being, or is likely to be concealed;
- Falsifying of job applications.

14. DETECTION AND INVESTIGATION

14.1 Whilst it is possible to reduce the potential for fraud within the Council, it is important to acknowledge that it is not possible to eradicate it. Therefore, it is essential that Members and employees are aware of what to do should they detect or genuinely suspect a fraud has or is taking place.

14.2 <u>What should be reported?</u>
Concerns which should be reported include, but are not limited to staff/Council Members/Associates or others committing or attempting to commit:

- Any dishonest or fraudulent act.
- Forgery or alteration of documents or accounts.
- Misappropriation of funds, supplies or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiting from an official position.
- Disclosure of official activities or information for advantage.
- Accepting or seeking value from third parties by virtue of official position or duties.
- Theft or misuse of property, facilities or services.
- Offering or receiving bribes.

External organisations' actions which should be reported include:

- Being offered a bribe or inducement by a supplier.
- Receiving fraudulent (rather than erroneous) invoices from a supplier.
- Reported allegations of corruption or deception by a supplier.

14.3 <u>What happens if we are contacted by the press in relation to suspected or actual fraud, bribery or corruption?</u>
Any public statements or press releases regarding pending, current or completed investigations of financial impropriety, fraud, bribery and/or corruption should only be made through the Communications Manager and will be authorised by Chief Executive, Assistant Director, Resources (S151 Officer) or Executive Director, Central and Community Services prior to release. Employees, Members and third parties of the Council should not make any public statement regarding suspected financial impropriety, fraud, bribery and/or corruption in order to avoid making libellous statements, or statements that may prejudice ongoing investigations or any subsequent disciplinary/legal action. Public or press requests for information should also be referred to the Communications Manager. The Communications Manager should optimise the publicity opportunities available to make employees and the public aware of the Council's commitment to taking action against fraud and corruption. As such any action taken relating to acts of fraud and corruption should, wherever possible, be reported in the press, as a deterrent to other potential offenders.

14.4 Alternatively, the Council's **Whistleblowing Policy** encourages and enables employees to raise any serious concerns. Employees who report their concerns in this way are afforded certain rights and protections under the Public Interest Disclosure Act 1998.

14.5 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of the internal controls in a system may alert employees to potential fraud. However, many frauds are discovered by chance or 'tip off'.

14.6 Financial Regulations require that whenever any matter arises which involves or is thought to involve financial or other irregularity, the relevant Executive Director/Assistant Director concerned must immediately notify the Assistant Director, Resources (S151 Officer), Monitoring Officer or the Audit Manager. Where a member of staff identifies a potential fraud or irregularity, they should follow the guidance in the Council's Whistleblowing Policy and this policy. Reporting cases in this way is essential to this policy to ensure that:

- All suspected cases of fraud and corruption are investigated properly;
- There is a standard process for dealing with all suspected cases of fraud and corruption; and
- People and the Council's interests are protected.

14.7 Internal Audit will consult with the relevant Assistant Directors to decide on the type and course of investigations. Personnel staff will also be consulted and involved where appropriate in investigations, particularly where they may lead to disciplinary action. This will include referring cases to the Police where necessary. Internal Audit may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal case.

14.8 Allegations of fraud will be assessed by the Internal Audit Manager or Investigations Officer with the relevant Assistant Director, Assistant Director Resources (S151 Officer) and Executive Director, Central and Community Services. The appropriate course of action will be agreed and if necessary, investigated by a suitably qualified senior member of staff independent of the area under suspicion or by a suitably qualified external person ("the investigating officer") appointed by the Assistant Director (or if they are the subject of the allegation, an Executive Director, the Chief Executive or Chair of the Audit Committee). Before making such an appointment, consultation may be undertaken with any member of the Executive Director Team, the Chief Executive, the Leader of the Council, the Chair of the Audit Committee, and any other person whom they consider appropriate. This may include staff from technical areas to provide specific insight into any relevant issues.

14.9 If the initial enquiry reveals that further investigation needs to take place, it may be necessary to preserve the available evidence. Evidence may take various forms and the way it should be handled is as follows:

- Original documents – these should be handled as little as possible and placed in a protective folder with only one person responsible for maintaining them in a secure/locked place.
- Computer held data – the computer should be secured, and the IT department consulted on how to best retrieve the data.
- Cash – where cash needs to be counted, this should be done so by the person responsible for it and their manager. A statement should then be signed to confirm a correct record of the amount.
- Video evidence – any video recording that could provide information of value should be secured so that it can be treated in accordance with the rules of evidence. Under no circumstances should it be viewed by anyone.

14.10 Progress on any fraud or corruption investigations will be reported to the Chief Executive/Leader of the Council who will report to the Leader of the Council and/or the Chair of the Audit Committee and any other person or organisation they consider appropriate under all the circumstances.

14.11 Allegations of fraud against Members which results in a complaint of misconduct under the Members' Code of Conduct will be dealt with in accordance with the codes of conduct established within the Localism Act 2011.

14.12 Where controls have been found to have not been followed or in the event that poor controls are identified as a contributing factor to fraud and corruption, these details will be captured as lessons learned and fed into the Fraud Risk Register and highlighted to the relevant Service areas by the Internal Audit Team in order to maintain a process of continuous improvement and to keep the Council's response to Fraud and Corruption dynamic.

15. DETERRENCE

15.1 The Council will seek the most appropriate sanction and redress against all those who commit fraud and/or corruption against the Council.

15.2 Where appropriate we will publicise details of criminal convictions and provide statistical information in relation to disciplinary action to deter others who may consider committing such offences themselves.

15.3 All managers have a responsibility for ensuring that control measures are in place to minimise the risk of fraud and ensure all staff are aware of these procedures. Where effective controls are in place there is less opportunity to commit fraud, which in turn acts as a deterrent.

15.4 It is essential that all Members and officers (including agency staff, volunteers and contractors) adhere to the responsibilities set out within the "Roles and Responsibilities" section of this policy to assist in the deterrence of fraud and corruption.

16. SANCTIONS AND REDRESS

16.1 The strongest available sanctions will be pursued against all who commit fraud and/or corruption against the Council. This may include disciplinary action, prosecution, civil proceedings or a combination of all. The decision to recommend any or all of these sanctions will be made on a case by case basis, having regard to the nature and extent of the fraud and evidence available.

16.2 At the conclusion of the investigation a report will be written, concluding on whether there is a case to answer. The final decision on the course of action to be taken will be made by the Executive Director/Assistant Director concerned. Any decision to refer the matter to the police will be taken jointly by the Assistant Director, Resources (S151 Officer), Executive Director, Central and Community Services and the relevant Assistant Director of the service affected.

16.3 In cases of proven fraud, the Council will seek to recover any monies and will use all means available to recover these amounts. This can include freezing assets, Compensation Orders, Confiscation Orders, Civil Litigation and general debt recovery according to the circumstances of the fraud.

16.4 Where a criminal conviction has been secured, the Council will seek a Compensation Order through the Courts and also consider using the Proceeds of Crime Act 2002 to recover losses.

17. DATA MATCHING

17.1 The Council will undertake data matching exercises as appropriate for the purposes of identifying and reducing fraud and corruption.

17.2 Monthly data matching files and Real Time Information (RTI) are received from the DWP and the information used to identify any incorrectness of a Housing Benefit or Council Tax Support claim.

17.3 The Council also takes an active part in the National Fraud Initiative (NFI) as organised by the Cabinet Office and the Norfolk FraudHub which involves Norfolk County Council and all District Authorities within Norfolk. These involve submitting data we hold in various departments of the Council for matching to data held by other organisations and other departments to identify discrepancies and following up promptly any highlighted matches returned that

identifies anomalies that may be indicative of fraud or error. The use of intelligence information and data analytics in this way allows the Council to direct resources more efficiently and effectively, through identifying anomalous transactions or events for further investigation.

18. TRAINING AND AWARENESS

18.1 The Council recognises that an important aspect of its Anti-Fraud and Anti-Corruption Policy is the general awareness and responsiveness of employees and Members throughout the Council. To facilitate this, the Council supports the concept of induction and training in anti-fraud awareness, particularly for employees involved in internal control systems. All employees are made aware of the Anti-Fraud and Anti-Corruption Policy via various channels of communication e.g. service team briefings and the Intranet (InSite). In addition, a copy of this document is distributed to all Service Managers.

18.2 In addition, the Council will seek via appropriate publicity to increase and maintain the general public's awareness of the facilities available to report concerns about fraud and corruption. A copy of this policy will also be made available to the general public on the Council's website.

18.3 The investigation of fraud and corruption is carried out in consultation with Services by the Council's Internal Audit Team whose skill base in investigative techniques is maintained by appropriate training.

19. MEASURING IMPACT

19.1 The Council has adopted the Cabinet Office's national "Report Calculations" for measuring fraud loss where appropriate and also uses local calculation methodologies where it feels local weighting should be applied and to furthermore enable the Council to be consistent with other member local authorities of the Norfolk FraudHub. As such, the Council will calculate fraud using the most up to date procedures and best practice.

19.2 Fraud and Error Reports are presented by Internal Audit to the Audit Committee on a half-yearly basis, to show how the Council is performing against the Anti-Fraud & Anti-Corruption Policy, the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within this policy document and the Fighting Fraud & Corruption Locally 2020 standards), including where appropriate details of corrective action where standards have not been met. The reports will include details of the level of fraud loss and will support a communication programme to publicise fraud and corruption cases.

19.3 The Council will conduct internal audits as part of the "Internal Audit Plan" that will review the effectiveness of the Council's Anti-Fraud and Anti-Corruption Policy, as well as periodic evaluations to provide objective feedback on the effectiveness of the investigation process. Internal Audit reviews consider any potential fraud risks which may exist within the subject area being reviewed, and where potential fraud risks exist, the mitigating controls will be identified and assessed. Periodic reviews will also be undertaken of policies, strategies and procedures surrounding anti-fraud and corruption.

20. REPORTING OR COMPLAINTS PROCEDURE

20.1 The Council has a dedicated resource to counter fraud (including corruption) within the Internal Audit team that undertakes a range of counter fraud work appropriate to the fraud risks that have been identified by the Council. The resource includes accredited counter fraud specialist(s), with a working knowledge of ethical practices and due process. The Internal Audit team investigate cases of fraud and corruption in consultation with service areas affected.

20.2 Counter Fraud staff will attend regular refresher courses to ensure they are abreast of new developments and legislation. Where staff have roles that include delivering fraud controls, the Council will also ensure they are suitably trained, and have an understanding of the controls they operate.

20.3 The Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

20.4 Advice and guidance on how to pursue matters of concern may be obtained by contacting the Council's Customer Information Centre on 01553 616200 who can then direct queries to the following persons:

- Chief Executive
- Assistant Director, Resources (S151 Officer)
- Monitoring Officer
- Policy, Performance & Personnel Manager
- Audit Manager
- Investigations Officer

21. EQUALITIES IMPLICATIONS

21.1 This policy is considered to have no equalities implications.

22. REFERENCE DOCUMENTS

22.1 This policy outlines the Council's approach to fighting fraud and corruption; it links in closely to the over-arching national strategy "Fighting Fraud and Corruption Locally, 2020 Standards".

22.2 Other Council documents that should be considered along with this document are:

- The Whistleblowing Policy
- The Anti-Money Laundering Policy
- The Regulation of Investigatory Powers Act 2000 (RIPA) Policy
- Revenues & Benefits Service Penalty and Prosecution Policy

23. VERSION CONTROL

Policy name		Anti-Fraud & Anti-Corruption Policy		
Policy description		This policy outlines that the Council as a large organisation is at risk of loss due to fraud and corruption both internally and externally. As such this policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimise the losses incurred. Its purpose is to clarify to Members, employees, the general public and other organisations what the Council's policy and approach is and how the Council intends to meet its responsibilities relating to fraud and corruption, whether attempted internally or externally.		
Responsible Officer		Kathy Woodward, Shared Audit Manager		
Version number	Date formally approved	Reason for update	Author	Review date
0.2		To replace the previous Anti-Fraud and Corruption strategy with a Policy document and review it against new and emerging risks as well as national strategy.	Jamie Hay	November 2023