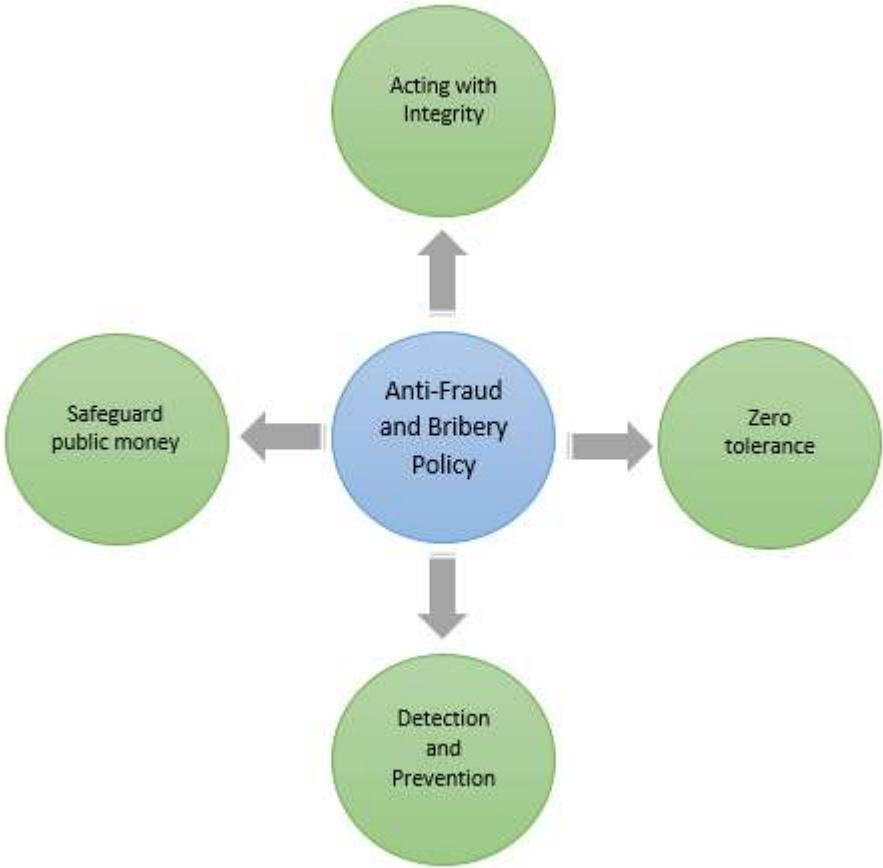


APPENDIX B



ANTI-FRAUD AND BRIBERY POLICY



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1 INTRODUCTION

- 1.1 In carrying out its functions and responsibilities, the Council encourages a culture of openness and fairness and expects Elected Members and employees at all levels to adopt the highest standards of propriety and accountability.
- 1.2 The Anti-Fraud and Bribery Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. In adopting this Policy, the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud, corruption and bribery and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefit and those that do not.
- 1.3 This Policy is one element of a wider set of arrangements in place to prevent fraud and wrongdoing which includes its Code of Corporate Governance and the Council's wider policies as set out in Section 3.
- 1.4 In meeting the Council's responsibilities relating to fraud and corruption, whether attempted internally or externally, the outcomes sought from the Council's Anti-Fraud and Bribery Policy are to:
- maintain and promote a **zero-tolerance** culture to fraud and corruption
 - **safeguard public money** by reducing losses from fraud and corruption to an absolute minimum by taking practical, risk-informed steps and maintaining a strong deterrent
 - encourage **prevention** and promote **detection** and effective investigation of suspected fraud or corruption and take robust action against those found to be committing any such acts
 - place confidence in Bridgend County Borough Council and its work by ensuring we act and are seen to **act with integrity**
- 1.5 There is an expectation and requirement that all Members, employees, consultants, contractors, and service users be fair and honest, and if able to do so, provide help, information and support to assist investigations of fraud and corruption.
- 1.6 The Council is aware of the high degree of external scrutiny of its affairs by a variety of bodies, including those listed below. These bodies are important in highlighting any areas where improvements can be made.
- Public Services Ombudsman.
 - Wales Audit Office (WAO). As part of their statutory duties, WAO is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.
 - Council Tax Payers – annual Inspection of the Statement of Accounts.
 - HM Revenues & Customs.
 - Department for Works & Pensions.
 - The Criminal Justice System.
- 1.7 The areas where there is potential for fraud and corruption will be periodically reviewed, and Internal Audit plans will focus on areas of greatest risk. The relative assessed levels of risk are set out in the Fraud Risk Wheel (see Appendix A).
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2 DEFINITIONS

Fraud

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”. In the UK, the term fraud is used to describe many acts such as deception, forgery, extortion, theft, conspiracy, embezzlement and false representation. The Fraud Act 2006 came into force on 15 January 2006, and is legislation that has been introduced in order to provide absolute clarity on the subject of fraud.
- 2.2 Section 1 of the Fraud Act 2006 introduces a general offence of fraud and three ways of committing it:
- Fraud by false representation (Section 2 of the Act).
 - Fraud by failing to disclose information (Section 3 of the Act).
 - Fraud by abuse of position (Section 4 of the Act).
- 2.3 All the above require dishonesty and an intent to make gain or cause loss as well as by making the representation knowing that it is or might be false or misleading; failing to disclose information where there is a legal duty to do so; and abuse of a position where one is expected to safeguard another person’s financial interests.
- 2.4 Fraud, for the purposes of this policy, goes beyond the Act and includes theft, forgery, concealment, conspiracy and bribery. Fraud may include, but is not limited to, stealing cash or equipment, submitting false expense claims, invoicing for goods not intended for Council business, unauthorised removal of Council property, manipulating accounts and records, dishonest contract arrangement and other financial irregularities.

Bribery

- 2.5 The Bribery Act 2010 came into force on 1 July 2011. It reforms the criminal law to provide a new scheme of bribery offences and it provides a more effective legal framework to combat bribery. The Act creates the following offences relevant to the Council:-
- offering, promising or giving a bribe (active bribery)
 - requesting, receiving or agreeing to accept a bribe (passive bribery)

Furthermore, if the offence is proved to have been committed with the consent or connivance of a senior officer of the organisation, then the senior officer may be personally liable.

Money Laundering

- 2.6 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 the Council has in place an Anti-money Laundering Policy which sets out the responsibilities of Members and employees to prevent the Council being subject to any money laundering practices. This Policy supports all staff

in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 2000.

3 RULES AND PROCEDURES

3.1 The Council has rules and procedures to ensure that its day to day operations and activities are properly controlled and these are an important part of the internal control framework.

3.2 These include:

- [The Council's Constitution](#), which includes: .
 - Financial Procedure Rules (Part 4).
 - Contract Procedure Rules (Part 4).
 - Code of Conduct for Members including declarations of interest (Part 5).
 - Code of Conduct for Council Employees (Part 5).
- Code of Corporate Governance
- Disciplinary Policy and Procedures.
- ICT Code of Conduct.
- Scheme of Delegation.
- Whistleblowing Policy.
- Anti-Money Laundering Policy.
- Equal Opportunities Policy.
- Anti-Fraud & Bribery Policy
- Regulation of Investigatory Powers Act Policy
- Effective recruitment and selection procedures.
- Training.

These are under-pinned by the following legislation:

- Fraud Act 2006.
- Bribery Act 2010.
- The Regulation of Investigatory Powers Act 2000.
- Proceeds of Crime Act 2002.
- Data Protection Act 2018 (which enshrines the General Data Protection Regulation 2016 (GDPR) into British Law).
- Human Rights Act 1998.

3.3 Failure to comply with these rules and procedures may result in formal action being taken. In the case of employees this would be through the Council's disciplinary procedures and for Members would involve the Council's Standards Committee, which hears allegations of misconduct by Members.

4 CULTURE

4.1 The Council's culture is one of honesty and zero tolerance to fraud and corruption. The prevention or detection of fraud and corruption and the protection of public money are everyone's responsibility.

4.2 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 employees or its agent(s) at all levels will lead by example in these matters.

- 4.3 The Council's Elected Members and employees play a crucial role in creating and maintaining this culture. The Council aims to promote an environment in which Members and employees feel able to raise concerns without fear of reprisals and confident that their concerns will be thoroughly investigated. Staff who blow the whistle are protected: they will not suffer detriment or be dismissed provided the concern was raised in good faith. Members and employees are positively encouraged to raise concerns regarding fraud and corruption, irrespective of seniority, rank or status, in the knowledge that such concerns will be treated in confidence.
- 4.4 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 unauthorised use of public or other funds
 - a miscarriage of justice
 - maladministration, misconduct or malpractice
 - endangering of an individual's health and safety
 - damage to the environment
 - deliberate concealment of any of the above.
- 4.5 As explained in the Council's Whistleblowing Policy, suspected instances of fraud can be reported to:
- Line managers
 - Section 151 Officer
 - Head of Audit
 - Monitoring Officer
 - Directors
 - Chief Executive
- 4.6 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner.
- 4.7 The Council will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary matter.
- 4.8 When fraud or corruption has occurred because of a breakdown or weakness in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.
- 4.9 Both Elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

5 RESPONSIBILITIES AND PREVENTION OF FRAUD

The Role of Elected Members

- 5.1 As elected representatives, all Members have a duty to citizens to protect the Council from all forms of abuse and protect public monies. This is done through compliance with the Members' Code of Conduct, the Council's Financial and Contract Procedure Rules, the Anti-fraud and Bribery Policy and other relevant Policies and legislation.

The Council's Code of Conduct for Members sets out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members are required to declare the receipt of all gifts and hospitality in a Register maintained by the Monitoring Officer.

- 5.2 Members sign that they have read and understood the Members' Code of Conduct when they take office. These conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. It is also a mandatory requirement that Members (and Chief Officers) formally report and sign an annual declaration of 'Related Party Transactions' to ensure that they declare any relationship with other organisations with which the Council interacts. The Monitoring Officer advises Members of new legislative or procedural requirements.

The Role of the Monitoring Officer

- 5.3 The Monitoring Officer has responsibility for:

- the lawfulness and fairness of decision making
- ensuring that Elected Members are aware of the protocols, policies and procedures, as set out at the end of this policy that apply when carrying out their duties
- jointly initiating action if fraud, bribery or corruption may have been identified along with the Section 151 Officer

The Role of the Section 151 Officer

- 5.4 The Section 151 Officer has responsibility for:

- the proper administration of the council's financial affairs under s.151 of the Local Government Act 1972 as amended and s.114 of the Local Government Finance Act 1988 as amended. This includes the employee nominated by them to act in their absence and any employee of their staff acting on their behalf
- reporting to Councillors and the Wales Audit Office if either the Council, or one of its representatives makes, or is about to make a decision which is unlawful, or involves illegal expenditure or potential financial loss (Local Government Finance Act 1988 s.114)
- ensuring that this Policy is current
- jointly initiating action if fraud, bribery or corruption may have been identified along with the Monitoring Officer.

The Role of Managers

- 5.5 Managers at all levels are responsible for the communication and implementation of the Anti-Fraud and Bribery Policy in their work area. They are also responsible for ensuring that their employees are aware of all of the Council's policies, procedure rules (as detailed in

3.2 above), and that the requirements of each are being met in their everyday business activities. They are required to ensure that their staff are aware of their responsibilities in relation to safeguarding the resources for which they are responsible and for reporting suspected irregularities.

- 5.6 Managers are expected to create an environment in which their staff feels able to approach them with any concerns they may have about suspected irregularities.
- 5.7 The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. The Council's Strategic Equality Plan will be adhered to during this process.
- 5.8 The Council has a formal recruitment procedure, which contains appropriate safeguards on matters such as written references and verifying qualifications held. Applicants complete an application form and must declare any criminal convictions that are not spent. Where appropriate, applicants may also be subject to a Disclosure and Barring Service (DBS) check.
- 5.9 The Council's disciplinary procedures apply to all employees.

The Role of Individual Employees

- 5.10 Each employee is governed in their work by the Council's procedure rules, as detailed in Part 4 of the Constitution, and other codes of conduct and policies (e.g. Health and Safety, Disciplinary Policy, ICT Code of Conduct). They are also governed by the Code of Conduct for Council employees (Part 5 of the Constitution). Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager. Also employees are expected to follow any Code of Conduct related to their membership of a professional institute.
- 5.11 Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of Council assets. These will be included in induction training and procedure manuals.
- 5.12 The Council has a protocol on secondary employment for employees. The purpose of this is to safeguard both the Council and employees' interests in recognising that some employees may wish to undertake secondary employment whilst being required to provide the highest standards of service to our customers. These could be affected if an employee were to have secondary employment which conflicted with their Council work.
- 5.13 Employees must operate within Section 117 of the Local Government Act 1972 regarding the disclosure of financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than their proper remuneration. Further information is available from the Monitoring Officer.
- 5.14 Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named in paragraph 4.5 above. Failing this, employees can, if necessary, raise

concerns anonymously (by letter or phone), and via other routes, in accordance with the Council's Whistleblowing Policy.

The Role of Committees

- 5.15 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 Member's Code of Conduct and the monitoring and operation of it. It also considers reports submitted by the Public Services Ombudsman for Wales, the Monitoring Officer or any other representations relating to alleged breaches of the Code. The Committee also monitors the operation of the Council's Whistleblowing policy.
- 5.17 The Audit Committee has to consider, as one of its functions, the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements. It will also monitor this policy. Every year, the Committee receives the Head of Audit's annual opinion report which provides detailed information on the work of the Internal Audit Section and the effectiveness of the overall internal control environment for the Council as a whole.

The Role of Internal Audit

- 5.18 Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal Audit investigates cases of suspected irregularity, with the exception of Council Tax Reduction and Blue Badge fraud investigations - which are undertaken by the Housing Benefits' Fraud Investigator, and Housing Benefit fraud investigations - which are undertaken by the Department for Works and Pensions' (DWP) Single Fraud Investigation Service. Internal Audit liaise with management to recommend changes in procedures to prevent or mitigate losses to the Council.
- 5.19 Internal Audit has arranged and 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 Councils with external agencies such as:
- Police.
 - Society of Welsh Treasurers.
 - Welsh Chief Internal Auditor's Group.
 - External Audit.
 - Wales Audit Office.
 - National Anti-Fraud Network.
 - HM Revenues and Customs.
 - Welsh LA Investigation Group.
 - Department for Work and Pensions.
 - Single Fraud Investigation Service.
 - Other outside agencies.

The Role of the Housing Benefits Fraud Investigator

- 5.20 The Fraud Investigator (Benefits) is responsible for all Council Tax Reduction and Blue Badge fraud investigations, in accordance with the requirements of the Human Rights Act

1998 and other relevant legislation. In cases where employees are involved, the team will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this Policy is adhered to.

The Role of External Audit

- 5.21 Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of 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. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.

6 DETECTION AND INVESTIGATION OF FRAUD

- 6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. Financial Procedure Rules require Corporate Directors to be responsible for the accountability of employees, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to their individual Directorates in accordance with the procedures agreed with the Council's Section 151 Officer. If a Corporate Director suspects any irregularities concerning cash, inventories or other property of the Council or held on trust by the Council, the Corporate Director concerned will notify the Section 151 Officer immediately, who will take such steps as considered necessary by way of investigation and report.
- 6.2 Internal Audit plays an important role in the detection of fraud and corruption. Included in the Audit Plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Any decision to refer a matter to the Police will be taken by the Head of Audit. 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.
- 6.3 In addition to Internal Audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection. The Council's Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998. All employees can raise their concerns under this policy, as well as contractors working for the Council (e.g. agency staff, builders etc.) and the voluntary sector. This would normally be with the immediate line manager. However, if the concerns are so serious or sensitive then they should be raised with a Chief Officer, for example a Director, the Chief Executive Officer, Section 151 Officer, Monitoring Officer, or the Head of Audit. This Policy also applies to suppliers of goods and services under a contract. However, this policy is not available for use by members of the public who should instead use the Corporate Complaint's Policy.
- 6.4 Within the Council's Constitution, Members and employees shall comply with the requirements of Section 117 of the Local Government Act 1972, the Bribery Act 2012, and

the Members' and Employees' Codes of Conduct in respect of the declaration of interests in contracts. Such interests must be declared to the Monitoring Officer for inclusion in the appropriate registers. All are required to give notice in writing of pecuniary (financial) interests in contracts relating to the Council or the offer of any fees or rewards other than their proper remuneration. All employees must declare any offers of gifts or hospitality above a value of £20, which are in any way related to the performance of their duties.

- 6.5 Theft, fraud and corruption are serious offences against the Council and employees will face disciplinary action if the outcome of an investigation indicates improper behaviour by an employee. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.
- 6.6 Members will face appropriate action if they are found to have been involved in theft, fraud or corruption against the Council. Appropriate action will be taken including referring the matter to the Monitoring Officer and/or the Public Ombudsman for Wales. Depending on the circumstances of each individual case, criminal proceedings may also be instigated.

7 TRAINING AND AWARENESS

- 7.1 The Council recognises that an important aspect of its Anti-Fraud and Bribery Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, the Council supports induction and training, particularly for employees involved in internal control systems. All employees are made aware of the Anti-Fraud and Bribery Policy via various channels of communication e.g. team meetings and the Intranet.
- 7.2 In addition 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.
- 7.3 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. Staff within the Housing Benefits Team and Regulatory Service receives specific training on fraud and corruption and the Fraud Act to help support their work on financial investigations.

8 CONCLUSION

- 8.1 The Council sets high standards, with core values of accountability and openness.
- 8.2 The Council will maintain a continuous review of all systems and procedures through its Internal Audit Plan and responding to recommendations from external regulators. The Anti-Fraud and Bribery Policy and its effectiveness will be periodically reviewed by the Audit Committee.

Appendix A : Fraud risk wheel

