



COUNTER FRAUD FRAMEWORK REPORT

30 September 2021

ANNEX 1

Assistant Director - Corporate Fraud:
Jonathan Dodsworth

Head of Internal Audit: Max Thomas





INTRODUCTION

- 1 Fraud is a significant risk to the UK public sector. Losses to local government due to fraud results in less funding for public services. It is estimated that the cost of fraud against local authorities is as much as £7.8 billion annually.¹ An estimated 40% of all crime committed in the UK is categorised as fraud.²
- 2 To effectively combat fraud the Council needs to have a counter fraud framework that helps it prevent, detect and deter fraud. Counter fraud work needs to develop at least as quickly as the techniques used by fraudsters.



NATIONAL PICTURE

- 3 Local authorities have been responsible for the administration of a number of schemes designed to support businesses and the public during the pandemic. No reports into the level of loss found in local authority administered schemes have been published, but the Department for Business, Economy and Industrial Strategy (BEIS) conclude that as councils deal with fraud on a day to day basis that they will have been more equipped to deal with fraud arising from these schemes.³
- 4 The Covid-19 pandemic has created additional opportunities for fraudsters to attack public sector organisations, private businesses, and members of the public. In March 2021, the National Audit Office (NAO) reported a significant rise in the risk fraud and error due Covid-19.⁴
- 5 The government has acknowledged the speed with which fraudsters can adapt to exploit organisations' weaknesses. To better tackle the evolving threat, an improved national fraud and cybercrime reporting system will be introduced to replace Action Fraud.⁵ Cooperation and intelligence sharing between national and local agencies will help combat fraud.
- 6 Cybercrime remains a significant risk to all organisations, public and private. High profile attacks across the UK and worldwide have continued throughout the pandemic, and cybercriminals have shown disregard for the effects of their actions. An attack in the United States in May 2021 stemmed from a single compromised password and account, and resulted in the company involved paying a ransom of over £3 million.
- 7 Supply chain attacks have also become prevalent in the last 12 months. These attacks occur when a software or IT supplier is targeted and criminals use the knowledge they gain to attack the end users of the company's software. Several high profile attacks in 2020 resulted in governments and businesses in the United States, the UK, and Europe being affected. This included unauthorised access to email accounts and

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

² Public Accounts Committee Report – Fraud and Error, June 2021, HM Government

³ Public Accounts Committee Report – Fraud and Error, June 2021, HM Government

⁴ Economic Crime Plan 2019-22 HM Government

⁵ Beating Crime Plan 2021, HM Government

confidential documents, leading to data breaches. It's essential that oversight of organisational ICT infrastructure is maintained to ensure controls remain up to date and able to reduce the impact of emerging threats.



LOCAL PICTURE

- 8 The counter fraud team have seen an increase in the number of fraud referrals made to the team in 2021/22 compared to the previous financial year, but these have all been made internally by members of staff. The Council's website has been updated to direct members of the public wishing to report fraud to the counter fraud hotline, however further work is required to engage with residents to ensure that when they have concerns about fraud against the Council that these are reported. Work to publicise fraud reporting lines to residents is planned for this year.
- 9 Raising fraud awareness with staff is key to identifying and tackling fraud. Veritau continue to engage staff and investigate reported allegations of fraud. Key areas of awareness planned for delivery in 2021/22 include cybersecurity, bribery, and money laundering in addition to service area specific training.



FRAUD RISK ASSESSMENT

- 14 It is recognised good practice for councils to assess their risk of fraud on a regular basis. An updated fraud risk assessment is contained in appendix A.
- 15 Covid-19 related fraud has been downgraded as a result of the high value payments seen in 2020/21 coming to an end. New cases of grant fraud may be identified through the National Fraud Initiative which includes cross boundary data matches which have not been previously available to local authorities. The Council is responsible for attempting to recover incorrectly paid grants.
- 16 Theft of assets has also been downgraded from a high risk to a medium risk. This is a result of the easing of Covid-19 related restrictions and increased staff presence at Council premises.
- 17 The risk assessment highlights areas of work to be undertaken by the internal audit and counter fraud teams (e.g. fraud awareness training) in addition to actions included in the counter fraud and corruption strategy action plan.



COUNTER FRAUD FRAMEWORK

- 10 The Council has a robust counter fraud framework which includes a counter fraud strategy and associated action plan, an anti-fraud and corruption policy, a fraud risk assessment, and a number of related policies (e.g. whistleblowing). A review of the framework is conducted annually.
- 11 A new counter fraud and corruption strategy was adopted last year. The strategy sets out the Council's aims for counter fraud work over the next few years. The strategy also includes actions needed to maintain and develop counter fraud arrangements at the Council. The associated strategy action plan is reviewed and updated annually. This year's update is contained in appendix B. It details progress made against last year's plan and introduces new priorities for the counter fraud team in 2021/22. New objectives this year include:
 - Raising awareness of cyber security issues with members of staff;
 - Promoting the methods in which the public as well as members of staff can report concerns of fraud to the Council.
- 12 The current review identified that the Anti-Fraud, Corruption, and Bribery Policy should be strengthened to include more details of the Bribery Act 2010. The act created a number of offences for people who offer or accept bribes. Organisations that fail to prevent these offences from occurring can be found to have broken the law and could face unlimited fines. One of the criteria that a court would use to assess an organisation's liability is whether it has sufficiently strong anti-bribery policies in place which have been communicated to, and understood by, employees. An annex to the policy has been added detailing processes and best practice.
- 13 In addition the Anti-Fraud, Corruption, and Bribery Policy requires updates to reflect new guidance from the Attorney General relating to disclosure in criminal prosecutions. The guidance, which came into force in December 2020, seeks to ensure that all relevant evidence is disclosed to the defence ahead of a criminal prosecution, and that there is an opportunity for discussion between the defence and prosecutor up to commencement of any proceedings. Proposed changes to the policy, contained in appendix C, are shown as tracked changes.

APPENDIX A: Fraud Risk Assessment (September 2021)

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Adult Social Care Fraud</p>	<p>Fraud within the adult social care system is an area of concern for the Council in terms of loss to the authority and the impact on individuals affected. CIPFA report a 104% increase in the value of social care fraud detected in 2019 compared to the previous year. The average loss in individual cases of fraud detected in this area is £29k.</p> <p>Losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property in order to avoid paying for residential or domestic care provision. Further fraud occurs through the misuse of the Direct Payment scheme, where monies allocated to meet a customer's assessed needs are not then used to procure these services. Residential homes could also continue to claim for customers who are no longer in residence (e.g. after they pass away).</p>	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated.</p> <p>A range of monitoring and verification controls are operated by the service. This includes requiring customers in receipt of Direct Payments to have a separate bank account for managing these funds and complying with monitoring procedures to verify spending. In instances of misused Direct Payments, customers are moved to a commissioned service.</p>	<p>High</p>	<p>Counter Fraud Team (CFT) to deliver a rolling programme of fraud awareness training with staff in safeguarding, financial assessments and with relevant legal services team members.</p> <p>Periodic reviews of the control environment through internal audits will further assist the Council in ensuring robust processes are in place.</p> <p>Concerns of fraud should be reported to the CFT who can determine if criminal investigation would be effective.</p> <p>CFT has assisted the Council to update application forms relating to access to adult social care.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Council Tax & Business Rates Frauds (discounts and exemptions)	<p>Council Tax fraud is a common occurrence. CIPFA report that 66% of all local government related fraud, recorded as part of their annual survey, involved Council Tax or Business Rates payments. Single Person Discount fraud accounted for £28.9m of loss due to fraud in 2019/20 according to the survey.</p> <p>Depending on the scheme, there are several ways in which fraud can occur. These include applicants providing false information and recipients failing to notify the Council when they no longer qualify.</p> <p>Revenue from Council Tax and Business Rates is a key income stream. Fraud in this area threatens this source of funding.</p>	<p>The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information on application forms, visits to properties (where necessary) and an annual canvass requiring businesses to confirm that they continue to be entitled to a discount or exemption.</p> <p>Messages reminding residents and businesses to update their circumstances when necessary appear on annual bills issued by the Council.</p> <p>The Council routinely takes part in the National Fraud Initiative.</p>	High	<p>CFT have delivered fraud awareness training to staff in the Revenues and Benefits department about frauds affecting Council Tax and Business Rates.</p> <p>An audit of Council Tax and Business Rates is underway this year.</p>
Council Tax Reduction Fraud	<p>Council Tax Reduction (CTR) is a council funded reduction in liability introduced in 2013 to replace Council Tax Benefit. Unlike its predecessor, it is resourced entirely through Council funds. CIPFA's fraud tracker showed the value of CTR fraud detected in</p>	<p>The Council undertakes eligibility checks on those who apply for support. There are established lines of communication with the Department for Work and Pensions (DWP) where claims for support are linked to externally funded benefits.</p>	High	<p>CFT have raised awareness of fraud with staff processing claims for CTR.</p> <p>An audit of Benefits and Council Tax Support is currently being finalised.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>2019 was £4.9m.</p> <p>Frauds in this area can involve applicants failing to declare their total assets, correct household composition or household income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support.</p> <p>The Department for Work and Pensions have reported an increase in fraud within the Universal Credit system during 2020/21 as a result of Covid-19. As CTR claims are often linked to Universal Credit claims there is likely to be an associated increase in CTR fraud against the Council.</p> <p>Fraudulently obtained CTR represents a loss of Council funds.</p>	<p>The Council is able to report Housing Benefit and other benefit frauds to the DWP but this does not necessarily allow the Council control over resolving false claims for CTR.</p>		
Creditor Fraud	<p>A range of frauds can be committed against the Council as a result of publically available creditor payment data. Criminals undertaking these types of fraud are often found to be operating</p>	<p>The Council has a number of controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details.</p>	High	<p>The CFT undertake work to raise staff awareness of these types of frauds. Increased awareness provides greater chances of stopping fraudulent attempts before</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>from overseas.</p> <p>The most common issue is mandate fraud where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud in this area include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments.</p> <p>In recent years there have been increased instances nationally of hackers gaining direct access to email accounts of suppliers and then attempting to perpetrate mandate frauds. These attempts are much more difficult to detect and prevent.</p> <p>With increased remote working due to Covid-19, there have been increased opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications to divert funds.</p>	<p>A Creditors audit in 2020/21 found robust processes were in place, in line with the Council's Financial Regulations, and gave the area substantial assurance.</p>		<p>losses occur.</p> <p>All instances of whaling fraud reported to CFT will be reported to the relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from where the false emails originated from.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Cybercrime	<p>Cybercrime is a constantly evolving area where criminals are continually refining their techniques in order to overcome controls put in place to protect organisations, to obtain unauthorised access and information, and to frustrate systems.</p> <p>Types of cybercrime experienced by local authorities in recent years include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds, systems becoming unavailable to use impacting service delivery, and loss of data.</p> <p>There have been a number of high profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or IT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>	<p>The Council has a skilled ICT department which helps mitigate the threat of cybercrime.</p> <p>The Council's information security procedure requires the central reporting of all cybersecurity incidents; including near misses.</p> <p>An audit conducted in 2020/21 of cybersecurity awareness amongst staff and Members found the Council has good measures in place. A substantial assurance opinion was given.</p>	High	<p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. Any counter fraud training delivered will reinforce cybersecurity messages to members of staff.</p> <p>An awareness campaign is planned for cybersecurity awareness month in October.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Procurement Fraud	<p>Procurement fraud has been perceived as a high risk by local authorities in the CIPFA fraud tracker for a number of years.</p> <p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>CIPFA reported losses of £1.5m in 2019/20 for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>	<p>The Council has established Contract Procedure Rules. The rules are reviewed regularly and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice.</p> <p>The Middlesbrough Manager Framework includes contract management expectations for managers. The Contract Procedure Rules also set out the requirements for declarations of interest to be made.</p>	High	<p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. The CFT will continue to provide training to raise awareness of fraud risks in this area.</p> <p>CFT and Internal Audit will monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p> <p>Any suspected procurement fraud should be reported to the CFT for further investigation.</p> <p>Audit work in this area will be considered during 2021/22.</p>
COVID-19 related fraud	Throughout the Covid-19 pandemic local authorities have been responsible for providing support to businesses and residents. The Council had to respond quickly to deliver a number of support schemes in 2020/21. New processes for verifying applications	Over the course of 2020/21 the Council developed robust processes to identify fraudulent applications for support. This included use of national data matching resources.	Medium (downgraded from High)	<p>Where payments were found to have been fraudulently or incorrectly made a recovery process was instigated.</p> <p>Veritau conducted a post-event assurance exercise at the end of 2020/21 which</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>had to be implemented very quickly.</p> <p>These schemes have been subject to attempted fraud at a local, national and international level due to the significant amount of funding available.</p> <p>While funding was provided by central government, the Council was charged with the responsibility for identifying genuine applicants and investigating and recovering incorrect payments.</p>	<p>The CFT shared details of all known frauds occurring regionally and nationally.</p> <p>Government mandated post-assurance activities have been undertaken to review the success of controls in place.</p>		<p>reviewed payments to businesses made during the first lockdown period. The exercise concluded that the vast majority of payments sampled had been made correctly and in line with government guidance.</p>
Internal Fraud	<p>There are a range of potential employee frauds including falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on Council time. Some staff have access to equipment and material that may be misused for private purposes.</p> <p>With increased staff working remotely, working hours and associated claims may be more difficult to monitor. It is essential</p>	<p>The Council has a whistleblowing policy through which concerns can be raised. The Council has an anti-bribery policy that asks staff and members to report concerns through the whistleblowing policy.</p> <p>Controls are in place surrounding flexitime, annual leave and sickness absence.</p> <p>Participation in the National Fraud Initiative helps the Council identify potential cases of internal fraud.</p>	Medium	<p>The CFT will investigate any suspicions of corruption while internal audit ensure that appropriate checks and balances are in place to help prevent it.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>that these issues are tackled as they can cause reputational damage and affect staff morale and performance.</p> <p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p> <p>Corruption and bribery is a significant risk to all public sector organisations, however, only low levels have ever been detected.</p>			
Recruitment Fraud	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK.	<p>The Council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary.</p> <p>Additional checks are made on applications for roles involving children and vulnerable adults.</p>	Medium	Where there is a suspicion that someone has provided false information to gain employment, the CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken.
Theft of Assets	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services.	<p>Specific registers of physical assets (e.g. capital items, property and ICT equipment) are maintained.</p> <p>The Council's whistleblowing</p>	Medium (downgraded from High)	Members of staff should also be vigilant and report all possible thefts promptly to the Police and CFT.

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>The Council owns large numbers of physical items, such as IT equipment, vehicles and tools.</p> <p>The reduction of staff at Council premises during the Covid-19 outbreak increased the risk of theft. This risk has reduced significantly as restrictions have lifted and staff have begun to return to the office.</p>	<p>arrangements provide an outlet for reporting concerns of theft.</p>		
Blue Badge Fraud	<p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the Council if abuse of this scheme is not addressed.</p> <p>People using a Blue Badge that does not belong to them and without the badge holder present are acting contrary to the law. They may also incorrectly be exempted from parking charges or pay reduced fees, in addition to being able to park in restricted areas including on many double yellow lines.</p>	<p>Measures are already in place to control the legitimate issue of blue badges. The Council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse.</p> <p>Enforcement officers make checks of badges seen in use. Where an issue is identified, the badge is confiscated and returned to the issuing authority.</p>	Low	<p>Periodic proactive days of action between the CFT and the Council's enforcement team will raise awareness and act as a deterrent to badge misuse.</p> <p>Instances of misuse should be reported to the CFT who can investigate any criminal misuse.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Fraudulent Insurance Claims	The Council may receive exaggerated or fabricated insurance claims. CIPFA's 2019/20 report estimated that insurance fraud cost local government £3.9m.	While insurance fraud is common, the burden of risk is currently shouldered by the Council's insurers who have established fraud investigation systems.	Low	n/a

APPENDIX B: COUNTER FRAUD STRATEGY ACTION PLAN

Veritau have responsibility for maintaining, reviewing, and strengthening counter fraud arrangements at the Council. This includes an annual review of the Council's counter fraud policy framework.

Veritau also provide a number of other ongoing activities including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any emerging issues
- regular reporting of counter fraud activity to the Corporate Affairs & Audit Committee.

New one off and developmental activity:

Ref	Action Required	Target Date	Responsibility	Notes
1	Promote counter fraud reporting lines to members of the public and staff.	March 2022	Veritau / Communications Team	Undertake internal and external publicity campaign to promote how to report potential fraud affecting the Council.
2	Raise awareness of cyber security issues and promote good practice.	October 2021	Veritau / Communications Team	Raise awareness of cyber security issues with all staff during cyber security awareness month in October 2021.
3	Promote the Council's counter fraud policy framework.	June 2022	Veritau / Communications Team	Raise awareness of issues such bribery, money laundering, and whistleblowing.
4	Explore additional verification tools for social care financial assessment process.	August 2022	Veritau / Adult Social Care Services	Use of new tools could help the Council to complete more accurate financial assessments and reduce the risk of fraud and error.

Ref	Action Required	Target Date	Responsibility	Notes
5	Increase sharing of counter fraud intelligence to enhance fraud prevention.	March 2022	Veritau	Veritau to promote sharing of counter fraud intelligence from regional and national forums.

Completed activities:

Ref	Action Required	Responsibility	Update
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the Council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	Chief Finance Officer / Veritau	The Council adopted a new counter fraud strategy last September that runs until 2023. This table details completed actions from that strategy and the preceding table details new actions covering the next 12 months. The committee will be updated on progress against the strategy action plan on an annual basis.
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the Council's counter fraud arrangements.	Chief Finance Officer / Veritau	A new Anti-Fraud, Corruption, and Bribery policy was adopted last September. Updates to the policy are included in this report. The policy and related policies will be reviewed on an annual basis.
3	Review and update the Council's Fraud Risk Assessment.	Chief Finance Officer / Veritau	The Council's fraud risk assessment was completed in September 2020. The assessment will be updated on an annual basis, the latest version is contained in appendix A of this report.

Ref	Action Required	Responsibility	Update
4	Regularly report to the Corporate Affairs and Audit Committee on counter fraud activity.	Veritau	Counter fraud matters are reported on as part of all progress reports to the committee in addition to an end of year report.
5	Meet managers of key service areas to discuss fraud provision.	Veritau / Relevant service areas	Discussions have been held with key service areas. Information sharing is in place and the team is working with areas to strengthen counter fraud arrangements. This work has led to fraud investigation work starting in a number of areas.
6	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	Veritau	Fraud awareness training has been delivered to staff within adult social care, human resources, parking enforcement and the revenues and benefits service.
7	Review paper and online application forms in relevant services to ensure that they have sufficiently robust declarations to undertake national and local datamatching exercises (e.g. National Fraud Initiative) and criminal investigation.	Veritau / Relevant service areas	All relevant application forms and privacy notices were reviewed ahead of the 2020/21 NFI. In addition, forms are being updated in the adult social care department to aid in the investigation of fraud and the recovery of any associated loss.
8	Publicise new channels to report fraud for both members of staff and the public.	Veritau	The Council's website and intranet have been updated to include details of how to report fraud.

APPENDIX C: Anti Fraud Bribery and Corruption Policy
(Updated)



**ANTI FRAUD BRIBERY
AND CORRUPTION
POLICY**

1 Introduction

- 1.1 All organisations are at increasing risk of fraud and corruption. Some commentators estimate that annual fraud losses to local government in the UK could be £7.8 billion. It is therefore a risk that the Council cannot and should not ignore.
- 1.2 Any fraud committed against the Council effectively constitutes a theft of taxpayer's money. It is unlawful and deprives the Council of resources which should be available to provide services to the public. By putting in place effective measures to counter the risk of fraud and corruption the Council can reduce losses which impact on service delivery as a contribution to the achievement of overall Council priorities.
- 1.3 This document sets out the Council's policy in relation to fraud and corruption perpetrated against it, and its overall arrangements for preventing and detecting fraud. It includes the Fraud and Corruption Prosecution Policy contained in annex A. It forms part of the Council's overall policy framework for combating fraud and corruption and should be read in conjunction with the counter fraud strategy, the constitution, the financial regulations, contract procedure rules, the whistleblowing policy, anti money laundering policy, and disciplinary procedures.

2 Definitions and Scope

- 2.1 For the purpose of this policy, the term fraud is used broadly to encompass:
- acts which would fall under the definition in the Fraud Act (2006)
 - anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
 - any offences which fall under the Social Security Administration Act (1992), Council Tax Reduction Schemes Regulations (2013) and the Prevention of Social Housing Fraud Act (2013)
 - any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
 - acts of theft
 - any other irregularity which is to the detriment of the Council whether financially or otherwise, or by which someone gains benefit they are not entitled to.
- 2.2 This policy does not cover fraud or corruption against third parties, except where there may be an impact on the service provided by the Council. In addition, it does not cover other acts – for example offences involving

violence - which may affect the Council, and which should in most cases be reported directly to the police.

3 Principles

- 3.1 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by members, officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that members, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the constitution, the Council's policy framework, and all relevant professional and other codes of practice.
- 3.2 The council will not tolerate any form of bribery to or by employees, members, or suppliers. Any act of bribery puts the council at risk of committing a criminal offence. Please see the council's Anti-Bribery Policy which is contained in annex B.
- 3.3 The Council will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud in order to minimise this risk.
- 3.4 The Council will consider any allegation or suspicion of fraud seriously, from whatever source, and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine the appropriate outcome. Any investigation will be proportionate. The Council may refer any incident of suspected fraud to the police or other agencies for investigation, if appropriate.
- 3.5 To act as a deterrent, the Council will take action in all cases where fraud (or an attempt to commit fraud) is proved, in proportion to the act committed. This may include prosecution, application of internal disciplinary procedures, or any other action deemed appropriate to the offence (for example referral to a professional body). Prosecution decisions will be made in accordance with the Fraud and Corruption Prosecution Policy (Annex A).
- 3.6 As a further deterrent, and to minimise losses, the Council will attempt to recover any losses incurred through civil or legal action. In addition, the Council will seek to apply any appropriate fines or penalties, and recover any costs incurred in investigating and prosecuting cases.

4 Responsibilities

- 4.1 Overall responsibility for counter fraud arrangements rests with the Council's Chief Finance Officer (CFO), on behalf of the Council. The CFO has a professional responsibility for ensuring the Council has appropriate measures for the prevention and detection of fraud and corruption, which are reflected in legislation.
- 4.2 The Corporate Affairs and Audit Committee has responsibility to consider the effectiveness of counter fraud and anti-corruption arrangements at the Council. This includes monitoring of Council policies on raising concerns at work and counter fraud and corruption.
- 4.3 The Leadership Management Team are collectively responsible for ensuring that the Council has effective counter fraud and corruption procedures embedded across the organisation that comply with best practice and good governance standards and requirements.
- 4.4 Veritau (who provide internal audit and counter fraud services to the Council) is responsible for reviewing the Council's counter fraud and corruption policies on a regular basis and recommending any required changes to those policies. In addition, Veritau leads on fraud prevention and detection issues for the Council and is responsible for investigating suspected cases of fraud or corruption. The internal audit team carries out audit work to ensure that systems of control are operating effectively, which contributes to the reduction in opportunities for committing fraud. The Head of Internal Audit is required to report their professional opinion on the Council's control environment to members of the Corporate Affairs and Audit Committee on an annual basis in accordance with proper practice.
- 4.5 All senior managers have a responsibility for preventing and detecting fraud within their service areas. This includes maintenance of effective systems of internal control and ensuring that any weaknesses identified through the work of internal audit or by other means are addressed promptly.
- 4.6 The Head of Finance and Investments is the Council's nominated officer for the purposes of the Money Laundering Regulations (2007), and is responsible for reporting any issues referred to them in this capacity.
- 4.7 All staff have a general responsibility to be aware of the possibility of fraud and corruption, and to report any suspicions that they may have to Veritau. Where appropriate, staff may use the Whistleblowing Policy to raise concerns anonymously.

- 4.8 Officers within human resources have a responsibility to support service departments in undertaking any necessary pre-disciplinary investigation and disciplinary process.

5 Overall Counter Fraud Arrangements

Introduction

- 5.1 The purpose of this section is to set out the Council's overall framework for countering the risk of fraud and corruption. While the Council aims to follow best practice in relation to counter fraud activity¹, it recognises that new and emerging fraud risks will require a dynamic approach to fraud prevention and detection.

Measurement

- 5.2 The Council will assess the potential risks and losses due to fraud and corruption, will use these to prioritise counter fraud activity, and will review the resources available to counter those risks. The review will include an assessment of actual levels of fraud² and the effectiveness of counter fraud activity in reducing losses. The outcome of this review will be reported to the Corporate Affairs and Audit Committee on an annual basis as part of the audit and fraud planning cycle.

Culture

- 5.3 The Council will promote a culture whereby all staff, members, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:
- ensure that there are clear arrangements in place for reporting suspicions about potential fraud or corruption, whether that be by staff, council members, partners, stakeholders, contractors or members of the public;
 - investigate reported suspicions and where evidence of fraud or corruption is found will prosecute where appropriate and take any other action necessary in accordance with the financial regulations, contract procedure rules, fraud and corruption prosecution policy, disciplinary procedures, members code of conduct, or any relevant legislation or guidance;

¹ For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

² All suspected fraud should be reported to Veritau. A record of all such information will be maintained on a confidential basis.

- ensure that the consequences of committing fraud and/or partaking in corrupt practices are widely publicised.

Prevention and Detection

Controls

- 5.4 As part of its ongoing operating procedures, the Council seeks to ensure that proper systems of internal control are in place. This includes controls to directly prevent and detect fraud, such as separation of duties and management review, along with other procedures such as vetting as part of recruitment processes and systems for declaration of interests and gifts and hospitality. The effectiveness of systems of control are monitored and a formal report is made as part of the process for preparing the Annual Governance Statement. The Council maintains a system of internal audit to provide independent review of control systems on an ongoing basis, in accordance with a risk assessment.
- 5.5 Services will be encouraged to consider the risk of fraud as part of the Council's risk management process. Any information on risks identified will be used to inform the annual review of counter fraud activity.

Proactive Work

- 5.6 The Council will carry out targeted project work (for example data matching exercises) to identify fraud and corruption in known high risk areas. This work will be carried out by Veritau as part of its annual work plan. Resources will be prioritised based on a risk assessment as part of the annual review of counter fraud activity. Work may include joint exercises with other agencies, including other local councils.
- 5.7 The Council will take part in projects led by other agencies such as the Cabinet Office and the DWP to identify potential fraud e.g. the National Fraud Initiative. Resources will be allocated to follow up high risk data matches, and will include support through the internal audit and counter fraud teams to review potential control issues and suspected fraud. Veritau will work with service departments to ensure that they are aware of the need to include notices to service users stating that any data held may be subject to use for data matching purposes.

Relationships

- 5.8 The Council has established relationships with a number of other agencies. It will continue to support these relationships and develop new ones to further the prevention and detection of fraud. Organisations which the Council will work with include:
- the police
 - the courts

- the Cabinet Office
- the Ministry of Housing, Communities & Local Government
- the Department for Works and Pensions
- other councils
- registered social landlords
- community groups

5.9 Veritau will work with Council departments to ensure that systems for reporting and investigating suspected fraud and corruption are robust.

Fraud Awareness Training

5.10 As part of its annual work plan, Veritau will provide targeted fraud awareness training to specific groups of staff, based on its annual risk assessment.

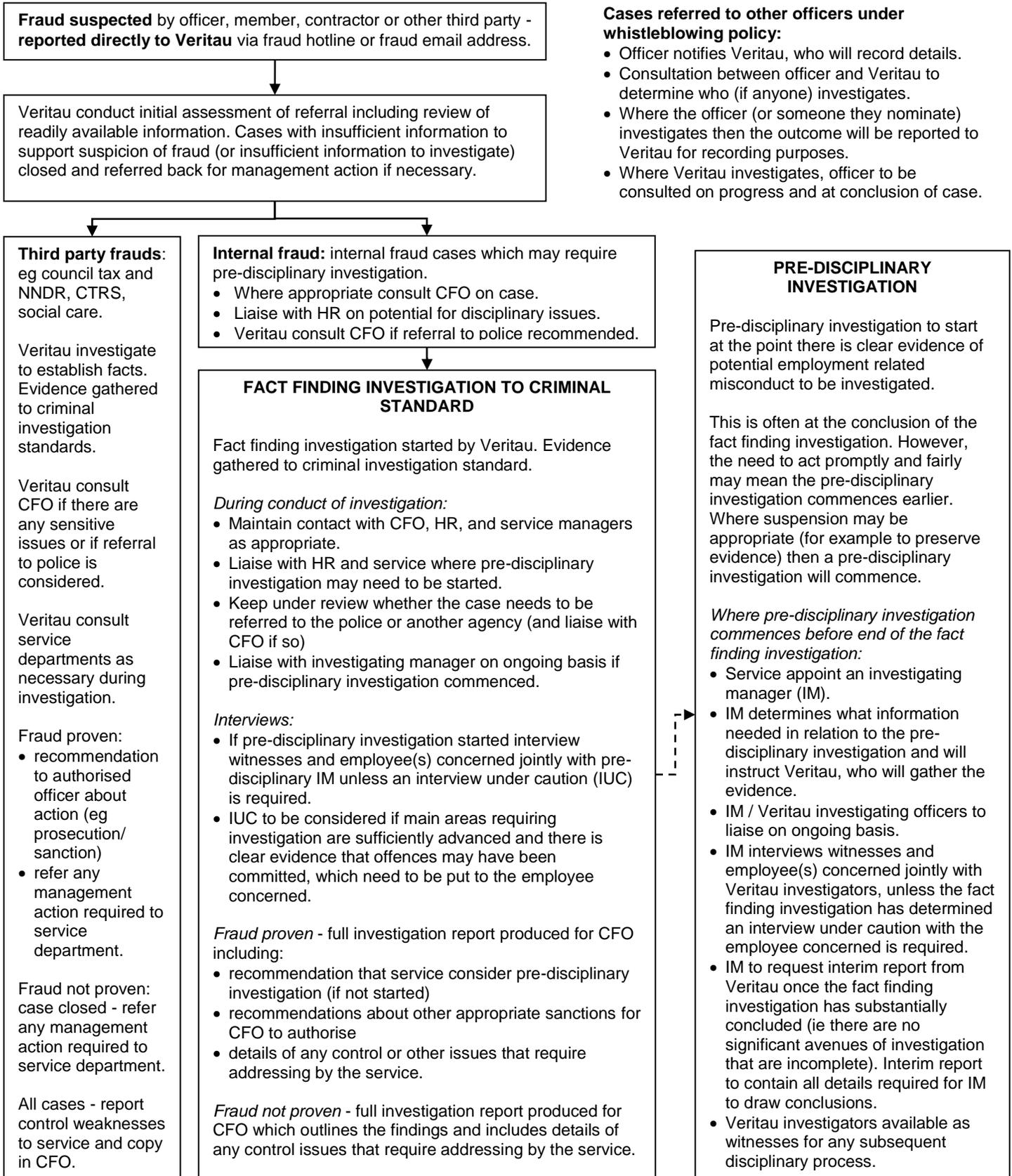
Investigation

5.11 Suspected cases of fraud, corruption, theft or other irregularity that are considered to be of high risk will be investigated. The nature of each investigation will depend on the circumstances of each case. Veritau will act as a first port of call for any suspected fraud and will provide advice on whether other agencies should be notified (e.g. the police). Veritau will determine the extent of the investigation to be carried out in consultation with the Chief Finance Officer (CFO), service departments and human resources as appropriate. Where necessary, Veritau may refer cases to other agencies (for example the police) at the discretion of the Head of Internal Audit. Figure 1 overleaf outlines the fraud referral and investigation process.

5.12 All staff involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example the Police and Criminal Evidence Act (PACE), Regulation of Investigatory Powers Act (RIPA), the General Data Protection Regulation (GDPR), the Criminal Procedures Investigations Act (CPIA), and any relevant guidance from the Attorney General. Investigators will take into account the individual circumstances of anyone involved in an investigation and adjustments to procedure will be made where necessary to ensure that all parties are treated equitably (where it is appropriate and reasonable to do so).

5.13 As part of the outcome of every investigation, a review of any weaknesses in control will be made and if necessary recommendations will be made to address any issues identified. These will be set out in a formal report to the managers of the service concerned, and will be followed up to ensure the issues are addressed.

Figure 1: Middlesbrough Council referral and investigation process



Civil action may be taken in relation to any investigation which identifies financial loss to the council, or where financial redress may be sought. This will generally commence later in the investigation, once clear evidence of any actual loss to the council has been gathered through the fact finding investigation. In some cases, accredited financial investigators may be employed at an early stage to identify and restrain assets related to criminal activity.

- 5.14 The Head of Internal Audit will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with best practice.

Publicity

- 5.15 The Council will publicise all successful prosecutions undertaken either by itself or by partner organisations, to act as a deterrent against future fraud.
- 5.16 In addition, where appropriate, targeted publicity will be used to raise the awareness of fraud to staff, members, the public, and other agencies. This will consist of both internal and external publicity and will aim to:
- raise awareness about potential fraud and ensure all stakeholders are alert to the possibilities of fraud;
 - inform all stakeholders of the procedures to be followed if they have suspicions of fraud;
 - ensure that all stakeholders are aware that the Council will not tolerate fraud and the consequences of committing fraud against it.

Recovery of Monies

- 5.17 Where any loss has been incurred by the Council or additional costs have been incurred as a result of fraud or corruption, the Council will seek to recover these from the individual or organisation concerned. This will help to ensure that the financial impact of fraud on the Council is minimised and act as a deterrent. As a further deterrent, the Council will seek to levy any appropriate fines or penalties where it is possible and desirable to do so.
- 5.18 Methods of recovery may include (but are not limited to):
- recovery from assets held by the organisation or individual (using the Proceeds of Crime Act or any other relevant legislation);
 - bankruptcy where appropriate;
 - recovery from future salary payments if an individual remains an employee of the Council;
 - recovery of pension contributions from employees or members who are members of the Teesside Pension Fund.

6 Monitoring & Review Arrangements

- 6.1 The arrangements set out in this policy document will be reviewed on an annual basis as part of the audit and fraud planning cycle and will include the Fraud and Corruption Prosecution Policy (Annex A) and other related guidance. Veritau will work with other departments to ensure that other related guidance and policy (such as the whistleblowing policy) are

reviewed on a regular basis and any amendments or necessary changes are reported to members for approval.

LAST REVIEWED AND UPDATED: 28 September 2021



**FRAUD AND
CORRUPTION
PROSECUTION POLICY**

1 Scope and Purpose

- 1.1 The fraud and corruption prosecution policy forms part of the Council's overall counter fraud and corruption arrangements. The policy covers all acts, and/or attempted acts, of fraud or corruption committed by officers or members of the Council, or committed by members of the public, or other organisations or their employees, against the Council.
- 1.2 The policy sets out the circumstances in which the Council will take legal action against the perpetrators of fraud or corruption. It also sets out the circumstances when it is appropriate to consider alternative courses of action such as offering a caution. The policy does not cover internal disciplinary procedures which are the subject of the Council's separate disciplinary policy and procedures.
- 1.3 This policy should be read in conjunction with the Council's constitution, financial regulations, contract procedure rules, the counter fraud and corruption policy and the strategy, the whistleblowing policy and the Council's disciplinary policy and procedures.
- 1.4 The policy contains specific guidelines for determining the most appropriate course of action when fraud has been identified. Offences other than fraud and corruption (for example those relevant to the enforcement of regulations) are dealt with by the appropriate service departments under other policies and relying on specific legal powers.

2 Principles

- 2.1 The Council is committed to deterring fraud and corruption. As part of its overall strategy to do this the Council will seek to take appropriate action against anyone proven to have attempted and/or committed a fraudulent or corrupt act against it. The Council considers that those guilty of serious fraud or corruption must take responsibility for their actions before the courts.
- 2.2 The policy is designed to ensure that the Council acts fairly and consistently when determining what action to take against the perpetrators of fraud or corruption.
- 2.3 Staff and members who are found to have committed fraud or corruption against the Council may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of staff and referral to the relevant officer or body in the case of members. Any decision not to prosecute a member of staff for fraud and corruption does not preclude remedial action being taken in accordance with the Council's disciplinary procedures or other policies.

- 2.4 This Policy is also designed to be consistent with Council policies on equalities. The Council will be sensitive to the circumstances of each case and the nature of the crime when considering whether to prosecute or not.
- 2.5 The consistent application of the policy will provide a means for ensuring that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.
- 2.6 Any decision taken by an authorised officer to prosecute an individual or to offer a formal sanction will be recorded in writing. The reason for the decision being taken will also be recorded.
- 2.7 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

3 Prosecution

- 3.1 The policy is intended to ensure the successful prosecution of offenders in court. However, not every contravention of the law should be considered for prosecution. The Council will weigh the seriousness of the offence (taking into account the harm done or the potential for harm arising from the offence) with other relevant factors, including the financial circumstances of the defendant, mitigating circumstances and other public interest criteria. All cases will be looked at individually and be considered on their own merit.
- 3.2 To consider a case for prosecution the Council must be satisfied that two tests have been passed. Firstly, there must be sufficient evidence of guilt to ensure conviction. This is called the **evidential test**. Secondly, it must be in the public interest to proceed – the **public interest test**.
- 3.3 To pass the evidential test, authorised officers must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction).
- 3.4 To pass the public interest test, the authorised officer will balance, carefully and fairly, the public interest criteria against the seriousness of the offence. The public interest criteria include;
- the likely sentence (if convicted);

- any previous convictions and the conduct of the defendant;
- whether there are grounds for believing the offence is likely to be repeated;
- the prevalence of the offence in the area;
- whether the offence was committed as a result of a genuine mistake or misunderstanding;
- any undue delay between the offence taking place and/or being detected and the date of the trial;
- the likely effect that a prosecution will have on the defendant;
- whether the defendant has put right the loss or harm caused.

3.5 It will generally be in the public interest to prosecute if one or more of the following factors applies, subject to any mitigating circumstances;

- the actual or potential loss to the Council was substantial;
- the fraud has continued over a long period of time;
- the fraud was calculated and deliberate;
- the person has previously committed fraud against the Council (even if prosecution did not result) and/or there has been a history of fraudulent activity;
- the person was in a position of trust (for example, a member of staff);
- there has been an abuse of position or privilege;
- the person has declined the offer of a caution or financial penalty;
- the case has involved the use of false identities and/or false or forged documents.

3.6 Investigating officers and prosecutors will review the appropriateness of pre-charge engagement where prosecution is considered. This is likely to occur where such engagement may lead the defendant to volunteer additional information that may identify new lines of inquiry. Pre-charge engagement may be instigated by the investigating officer, the council prosecutor, the defendant's representative or a defendant themselves (if unrepresented).

4 Mitigating Factors

4.1 The following mitigating factors will be taken into account when determining whether to prosecute;

Voluntary Disclosure

4.2 A voluntary disclosure occurs when an offender voluntarily reveals fraud about which the Council is otherwise unaware. If this happens, then the fraud will be investigated but the offender will not be prosecuted unless in exceptional circumstances. However, any person colluding in the crime will still be prosecuted. A disclosure is not voluntary if the:-

- admission is not a complete disclosure of the fraud;
- admission of the fraud is made only because discovery of the fraud is likely, (for example, the offender knows the Council is already undertaking an investigation in this area and/or other counter fraud activity);
- offender only admits the facts when challenged or questioned;
- offender supplies the correct facts when making a claim to Legal Aid.

III Health or Disability

4.3 Where the perpetrator (and/or their partner) is suffering from prolonged ill health or has a serious disability or other incapacity then the offender will not normally be prosecuted. Evidence from a GP or other doctor will be requested if the condition is claimed to exist, unless it is obvious to the investigator. It is also necessary to prove that the person understood the rules governing the type of fraud committed and was aware that their action is wrong. This may not be possible where, for instance, the offender has serious learning difficulties. However, simple ignorance of the law will not prevent prosecution.

Social Factors

4.4 A wide range of social factors may make a prosecution undesirable. The test is whether the court will consider the prosecution undesirable, and go on to reflect that in the sentence.

Exceptional Circumstances

4.5 In certain exceptional circumstances the Council may decide not to prosecute an offender. Such circumstances include;

- the inability to complete the investigation within a reasonable period of time;
- the prosecution would not be in the interests of the Council;

- circumstances beyond the control of the Council make a prosecution unattainable.

5 Alternatives to Prosecution

5.1 If some cases are considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the Council may consider the offer of a sanction instead. The two sanctions available are;

- a caution, or;
- financial penalty.

Simple Cautions

5.2 A simple caution is a warning given in certain circumstances as an alternative to prosecution, to a person who has committed an offence. All cautions are recorded internally and kept for a period of six years. Where a person offends again in the future then any previous cautions will influence the decision on whether to prosecute or not.

5.3 For less serious offences a simple caution will normally be considered where all of the following apply;

- there is sufficient evidence to justify instituting criminal proceedings;
- the person has admitted the offence;
- there is no significant public requirement to prosecute;
- it was a first offence, and;
- a financial penalty is not considered to be appropriate.

Only in very exceptional circumstances will a further caution be offered for a second or subsequent offence of the same nature.

5.4 Cautions will be administered by the Head of Internal Audit (or deputy), Assistant Director - Corporate Fraud, Corporate Fraud Manager, or a Senior Corporate Fraud Investigator, on behalf of the Council. If a caution is offered but not accepted then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

Financial Penalties

5.5 The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, permit a financial penalty to be offered to claimants as an alternative to prosecution. The penalty is

set at 50% of the amount of the excess reduction, subject to a minimum of £100 and a maximum of £1,000. Once a penalty is accepted, the claimant has 14 days to change their mind.

5.6 Subject to the criteria set out in the guidelines below, a financial penalty will normally be offered by the Council in the following circumstances;

- the Council believes that there is sufficient evidence to prosecute;
- it was a first offence or a previous offence was dealt with by way of a caution, and;
- in the opinion of the Council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and;
- the claimant has the means to repay both the overpayment and the penalty, and;
- there is a strong likelihood that both the excess reduction and the penalty will be repaid.

5.7 It is important to note that the claimant does not need to have admitted the offence for a financial penalty to be offered. Financial penalties will be administered by the Head of Internal Audit (or deputy), Assistant Director - Corporate Fraud, Corporate Fraud Manager or a Senior Corporate Fraud Investigator. If a financial penalty is not accepted or is withdrawn then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

6 Proceeds of Crime Act 2002 (POCA)

6.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

7 Implementation Date

7.1 This revised policy is effective from 28 September 2021 and covers all decisions relating to prosecutions and sanctions after this date.



ANTI-BRIBERY POLICY

1 Introduction

- 1.1 The Bribery Act became law in 2011 and was enacted to enable robust action to be taken against all forms of bribery. The Council is committed to protecting the public purse and the services it provides from being abused. The Council has a zero-tolerance approach towards bribery and promotes the prevention, deterrence and detection of bribery.
- 1.2 Bribery is defined as the offering, giving, receiving or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. The act of bribery is the intention to gain a personal, commercial, regulatory or contractual advantage.
- 1.3 Facilitation payments are unofficial payments made to public officials to secure or expedite actions. These are not tolerated and are illegal.
- 1.4 This policy should be read in conjunction with the Council's Acceptance of Gifts and Hospitality Policy.

2 Principles

- 2.1 The Council is committed to the prevention, deterrence and detection of bribery.
- 2.2 The Council commits to:
 - Making all employees and associated people aware of their responsibilities to adhere strictly to this policy at all times.
 - Training members of staff so that they are aware of the Bribery Act.
 - Encouraging all employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately.
 - Rigorously investigate instances of alleged bribery and assist the police and other authorities in any investigations or prosecutions they undertake.
 - Taking strong action against any individual(s) involved in bribery.

3 Scope

- 3.1 This policy applies to all of the Council's activities, members of staff (permanent and temporary), agency staff, volunteers, consultants, and members.

- 3.2 For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.3 All employees and members are required to:
- Raise concerns as soon as possible if it is believed or suspected that this policy has been breached or may be breached in the future.
 - Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.
- 3.4 As well as the possibility of civil and criminal prosecution, employees breaching this policy will face disciplinary action, which could result in dismissal in cases of gross misconduct.

4 Offences

- 4.1 There are four key offences under the Bribery Act 2010.

Section 1 – Offence of bribing another person

- 4.2 This section makes it an offence when a person offers, promises or gives a financial or other advantage to another person and intends the advantage to induce a person to perform improperly a relevant function or activity or to reward a person for the improper performance of such a function or activity.
- 4.3 It is also an offence when a person offers, promises or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Section 2 – Being bribed

- 4.4 This section makes it an offence when a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.
- 4.5 It is an offence when a person requests, agrees to receive or accepts a financial or other advantage and the request, agreement or acceptance itself constitutes the improper performance of the person of a relevant function or activity.

- 4.6 It is an offence if a person requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity.
- 4.7 It is also an offence if a person in anticipation of or in consequence of the person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly.

Section 6 – Bribery of foreign public officials

- 4.8 Under this section of the Act an offence is committed when a person intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business.
- 4.9 It is also an offence to offer, promise or give any financial or other advantage to a foreign public official.

Section 7 – Failure of a commercial organisation to prevent bribery

- 4.10 A relevant commercial organisation is guilty of an offence if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such activity.

Corporate Responsibility

- 4.11 Middlesbrough Council is considered to be a commercial organisation under the Bribery Act. It is therefore important that the Council takes steps to prevent bribery from occurring within the organisation.
- 4.12 If an offence did occur then courts would consider six tests to determine whether the Council was culpable:
- Does the Council have proportionate procedures in place to prevent bribery by persons associated with it? These should be clear, practical and accessible.
 - Is there top level commitment to preventing bribery? This includes members as well as officials.
 - Is the Council's exposure to potential external and internal risks of bribery periodically assessed?

- Does the Council take a proportionate and risk based approach to mitigate identified bribery risks.
- Are anti-bribery policies and procedures embedded and understood throughout the organisation? Are they communicated internally and externally?
- Are procedures monitored and reviewed regularly?

Penalties

- 4.13 A person guilty of an offence under sections 1, 2, or 6 of the Bribery Act is may be sentenced to:
- a maximum imprisonment of 12 month and/or a fine not exceeding £5,000 (if convicted in a magistrates court).
 - a maximum imprisonment of 10 years and/or an unlimited fine (if convicted at a crown court).
- 4.14 An organisation found guilty of allowing bribery offences to occur will be subject to an unlimited fine that is in part determined by the gain that was sought to be made through bribery offences and an assessment of an organisation's culpability by the court.

5 How to raise a concern

- 5.1 We all have a responsibility to help detect, prevent and report instances of bribery. If a member of staff or councillor has a concern regarding a suspected instance of bribery or corruption then please speak up. The sooner you act, the sooner it can be resolved.
- 5.2 Employees who raise concerns or report wrongdoing (e.g. that they have been offered a bribe, have been asked to bribe a third party, or are aware of bribery occurring within the Council or its suppliers) can be concerned that there may be repercussions. The Council aims to encourage openness and will support anyone who raises concerns under this policy, even if those concerns prove to be incorrect.
- 5.3 The Council is committed to ensuring nobody suffers detrimental treatment by refusing to take part in bribery or corruption, or because they report a concern that they believe is true.
- 5.4 Members of staff should consult the Council's Whistleblowing policy which sets out a number of routes for reporting concerns. Any concerns can be reported to the whistleblowing hotline, 0800 9179247 or via email to counter.fraud@veritau.co.uk.

- 5.5 Concerns can be raised anonymously and the Council will still take action. However, it is easier and quicker if concerns are not made anonymously. The Council will take all possible precautions to ensure that the identities of people who raise concerns are protected.

6 What to do if someone reports a concern

- 6.1 All reports of potential bribery within the Council should be reported to the Council's Monitoring Officer, Director of Finance (Section 151 Officer), and Veritau.

Last reviewed and updated: 28 September 2021