

Governance and Business Resilience

Counter Fraud, Corruption, Bribery and Money Laundering Strategy

2018-2021



North Kesteven
DISTRICT COUNCIL

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05/06/19

Approved by:

CMT

New or existing strategy:

Existing

Introductory Statement

The Council is committed to a culture of operating with the highest standards of openness, probity, honesty, integrity and accountability.

All colleagues, Members and external partners are expected to adopt and apply these high standards, reflected in the Council's Code of Conduct and other relevant policies adopted by the Council.

In following this culture, the Council seeks to deter and prevent fraud, corruption, bribery, theft and money laundering, but where there is suspicion or detection of such wrongdoing then thorough investigation will take place, with a consistent, balanced approach.

Where commitment of these elements of fraud are proven, appropriate sanctions will be applied with the Council seeking to recover all losses.

Definitions – Fraud, Corruption, Theft, Bribery and Money Laundering

- Fraud
- A deliberate deception intended to provide direct or indirect personal gain, obtain an advantage, avoidance, obligation or cause loss to another party.
 - Includes criminal deception, forgery, blackmail, corruption, theft, conspiracy, covering up material facts, collusion.
- Corruption
- The deliberate misuse of position for direct or indirect personal gain.
 - Includes offering, giving, requesting or receiving a bribe or reward to influence the actions of the participant or others.
- Bribery
- An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.
 - The Bribery Act 2010 renders Senior Officers liable to conviction where they are deemed to have given consent or tacit approval to the giving or receiving of a bribe.
 - The Act also makes it an offence to bribe a foreign public official with the intention of gaining a business advantage.
- Theft
- The stealing of cash or property belonging to someone else, taking such with no intention of returning it to the owner.
- Money Laundering
- The process where criminals attempt to hide and change the true identity of the proceeds of their crime so that they appear legitimate.

Scope

The Counter Fraud, Corruption, Bribery and Money Laundering Strategy applies to:

- All Council employees and Elected Members;
- The Council's partner organisations;
- The Council's suppliers, contractors and consultants;
- Residents of North Kesteven;
- All those who do business with the Council.

Aims and Objectives

- To keep fraud and loss to an absolute minimum within the Council;
- To protect resources, ensuring they are used to improve services and not lost through fraudulent activity;
- To promote the Council's culture of a **zero tolerance** approach to fraud, corruption, bribery and theft;
- To define the roles and responsibilities of those involved and engage the public, Elected Members, colleagues, managers, policy makers and associated organisations, ensuring they are vigilant and report any suspicions of fraud, corruption, bribery and theft;
- To provide an Internal Audit service which seeks to:
 - Deter, prevent and detect fraud, corruption, bribery and theft;
 - Formulate recommendations to improve policy, systems and controls to reduce the incidence of such fraudulent activity.

Summary of Principles

- **Zero tolerance** of abuse of the Council's services or resources with a culture that expects high standards of propriety, integrity and accountability to all parties within the scope of this policy.
- Dedication of resources with appropriate training to provide a balanced, professional counter fraud approach.
- Recognition that under the Bribery Act 2010 it is a criminal offence for an employee to request, receive, agree to receive, offer or give any gift, loan, fee, reward or advantage to any person in their official capacity.
- Operate within the Council's Code of Conduct and Contract and Financial Procedure rules as well as operating within section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in relation to the Council.
- The application of disciplinary, legal and/or criminal action against individuals involved in fraud, with investigations carried out with consistency, fairness, objectivity and equality.
- To be open to the reporting of genuine, suspicious or fraudulent activity, but not tolerate malicious or vexatious allegations, which may lead to appropriate actions being taken against the accuser.
- Working in partnership with the police, partners and other local authorities and investigative bodies to improve and apply the Council's counter fraud arrangements.
- Recognition that the Proceeds of Crime Act 2002 and the Terrorism Act 2006 place obligations on the Council and employees with regard to suspected money laundering.

Responsibilities

CMT	CMT collectively own and support the Counter Fraud Policy and have a responsibility to help improve awareness and promote appropriate behaviours. CMT will periodically review fraud outcomes, fraud work plan and resources. CMT will review any changes to the Counter Fraud, Corruption, Bribery and Money Laundering Strategy.
Monitoring Officer	To provide advice on ethical issues, standards and powers to ensure the Council operates within the law and statutory practices.
Section 151 Officer and Director of Resource	The accountable person to lead the organisation's approach to implement the Counter Fraud, Corruption, Bribery and Money Laundering Strategy. Ensures the provision of an effectively resourced counter fraud and Internal Audit service. To monitor the risk register and the fraud work plan.
Audit Committee	To monitor the Council's policies and the effectiveness of the Whistleblowing Policy and Counter Fraud, Corruption, Bribery and Money Laundering Strategy and procedures.
Members	To support, promote and maintain a strong and effective counter fraud culture.
External Audit	To maintain a statutory duty to ensure the Council has adequate arrangements for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit (Assurance Lincolnshire)	To provide a continuing role in developing and implementing the counter fraud strategy and to investigate cases of suspected fraud. To recommend improvements to controls and procedures, reducing the risk of future fraud.
Managers	To promote awareness of the counter fraud procedures, referring all suspected fraud to the appropriate officers, and to apply the culture of zero tolerance . To review the risks of fraud, corruption, bribery, money laundering and theft in their service areas and regularly assess and reduce these risks by implementing strong controls and checks.
Colleagues, Public, Partners, Contractors, Consultants and Suppliers	To comply with Council policies and procedures in their general conduct and the execution of their duties, being aware of the possibility of fraud, corruption, bribery and theft. To report any genuine concerns to management, internal audit or via the whistleblowing arrangements. To be aware of the possibility of fraud and corruption against

	the Council, reporting any genuine concerns or suspicions.
Human Resources	Providing advice in cases involving disciplinary investigations and disciplinary actions.

Approach

The Council's responsibility is to minimise fraud, corruption, bribery, money laundering and theft and protect resources by maintaining a strategic approach consistent with that outlined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Code and by ensuring "adequate procedures" exist as required by the Bribery Act 2010.

This strategy reflects guidance from the national collaborative counter fraud strategy for local government in the UK (Fighting Fraud and Corruption Locally - The Local Government Counter Fraud and Corruption Strategy 2016-2019). It also takes account of the principles set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practise on Managing the Risks of Fraud and Corruption.

The Council has adopted an approach to counter fraud based on three key elements:

- Recognise
- Avoid
- Recover

R E C O G N I S E	SUPPORT MECHANISMS	The Council's commitment to tackling the fraud, corruption, money laundering and bribery threat is evidenced within this strategy. Established whistleblowing procedures support those who come forward to report suspicions. All reports will be treated seriously, investigated and acted upon.
	RISK ASSESSMENT	Areas most vulnerable to the risk of fraud will be continuously assessed and the findings acted upon. Corporate Fraud Risks will be recorded in CAMS, the Council's risk management system.
	SYSTEM AND POLICY RESPONSE	Internal Audit will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequate to minimise the threat of fraud, corruption and bribery.

A V O I D	INFORMATION TECHNOLOGY APPLICATIONS	Use of data and analytical processes and software to prevent and detect fraudulent activity will be encouraged. Opportunities to share data and fraud intelligence to increase the capability to uncover potential and actual fraud will be sought.
	CULTURE	A strong counter fraud culture will be promoted and developed to raise awareness and provide information on all aspects of our counter fraud, corruption and bribery work.

R E C O V E R	FINANCIAL RESTITUTION	A crucial element of our response to tackling fraud is recovering any monies lost through fraud – this will be rigorously pursued wherever possible.
	PUNISHMENT	Realistic and effective sanctions for individuals or organisations will be applied where an investigation reveals fraudulent or corrupt activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	ENFORCEMENT	Appropriately trained officers will investigate any fraud detected, cases of suspected fraud referred from internal or external stakeholders, or received via the whistleblowing arrangements.

Effectiveness/Outcome Measurement

Investigation itself does not represent the outcomes of counter fraud work. It is recognised that by preventing fraud losses and the pro-active work the Council carries out with the Lincolnshire Counter Fraud Partnership, the Council will improve overall outcomes and achieve the aims and objectives of this strategy. The effectiveness of the Council's counter fraud arrangements will be measured by focusing on outcomes such as:

- High levels of fraud, corruption and bribery awareness (through training);
- **Zero tolerance** to fraud, corruption, bribery and theft (number of referrals/action taken/disciplinary results);
- Minimised losses through a low incidence of fraud;
- Reducing the risk of fraud, corruption, bribery and theft by implementing strong and adequate controls;
- Successful prosecutions and other sanctions;
- Audit Committee have oversight of the Council's strategy to assess whether it meets recommended practises and governance standards and ensures it complies with legislation.
- Annual Fraud reporting is done through the Governance and Business Resilience Team Annual Report to the Corporate Management Team and Audit Committee.

Reporting Avenues and Methods

If it is genuinely believed that someone is committing fraud or corrupt practices are suspected, these are the reporting options for colleagues or Members respectively:

- Relevant line manager (or a more senior manager if you suspect a line manager is involved);
- Russell Stone, Director of Resources and Section 151 officer;
- Lincolnshire Legal Services in their role as Monitoring Officer;
- Whistleblowing arrangements.

Telephone: 0800 0853716 (dedicated confidential free phone number)

Email: whistleblowing@lincolnshire.gov.uk

In writing: Lincolnshire Local Authorities
PO Box 640
Lincoln
LN1 1WF

To avoid potentially contaminating evidence, managers should not investigate themselves and instead immediately report all suspicions.

All concerns or suspicions will be treated with discretion and in confidence.

Control and Further Information

Owner/Policy Lead Officer:	Russell Stone (Director of Resources)
Location:	North Kesteven District Council, District Council Offices Kesteven Street Sleaford Lincolnshire NG34 7EF
Consultation:	Audit Committee
Review Arrangements:	Every three years (Policy Lead Officer/Audit Committee)

Further sources of information can be found in North Kesteven District Council's Constitution by accessing the following link: <https://www.n-kesteven.gov.uk/your-council/how-the-council-works/>

The Code of Conduct, Disciplinary Procedures, Gifts and Hospitality, and Declarations of Interest can be obtained by contacting the Governance and Business Resilience Team or Human Resources.

Alternative Formats

This document is available in large print, Braille, audio tape, electronic formats such as CD, or in a different language. Our website is ReadSpeaker enabled. For a copy please contact the Policy and Performance Team at the Council using the following options:

Phone: 01529 414155 (main switchboard) or 01522 699699 (if calling from a Lincoln number)

Minicom: 01529 308088

Fax: 01529 413956

Web: www.n-kesteven.gov.uk

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