

Governance and Business Resilience

Counter Fraud, Corruption,

Bribery & Money

Laundering Strategy

This strategy has been written to include, so far as is reasonable, preventative procedures in relation to Corporate Criminal Offence, pursuant to Section 45(2) of the Criminal Finances Act 2017.



SEPTEMBER 2023

North Kesteven
DISTRICT COUNCIL

Date of Implementation:

September 2022

Strategy Owner:

Governance and Business Resilience Manager

Next review due:

September 2024

Foreword

The operations of North Kesteven District Council are underpinned by five core values: professionalism, high performing, honesty, team, and people focused. All colleagues are required to abide by the highest ethical standards and uphold our core values in all their activities. The residents and communities of the district expect nothing less.

Informed by these values, the NKDC Counter Fraud Framework has been developed to keep fraud and loss to an absolute minimum within the Council, through effective and proportionate internal control measures. This will ensure that public money is used to deliver good value services and meet the Council's strategic vision and key priorities.

The keystone of the framework is the Counter Fraud, Corruption, Bribery & Money Laundering Strategy. Aligned to national best practice of the Fighting Fraud & Corruption Locally (FFCL), the strategy will set the direction of the Council's counter fraud response: effective, risk based and proportionate control measures, and the instilling and enhancement of a positive and robust anti-fraud culture. The Council recognises that there is an inherent and ongoing risk of fraud and corruption against the Council. Strong, ethical, and holistic governance can build resilience against these risks.

North Kesteven District Council, its Directors and Elected Members give their full backing to this strategy and support all those who take action to implement it.



Ian Fytche
Chief Executive

1.0 NKDC Counter Fraud Framework

The Counter Fraud Framework is a suite of linked documents that detail the Council's response to fraud. The Framework is composed of:

- Counter Fraud, Corruption, Bribery & Money Laundering Strategy
- Whistleblowing Policy
- Gifts, Hospitality, Inducements and Declarations of Interest Arrangements
- The Fraud Response Procedure

2.0 Aims and Objectives

- To keep fraud and loss to an absolute minimum within the Council through effective and proportionate internal control measures, so to ensure that resources are used to improve services and to benefit the residents of the district and not lost through fraudulent activity.
- To instil, promote and maintain a culture of a **zero tolerance** and **accountability** for fraud, corruption, bribery, inducements, and theft.
- To identify fraud risks as part of risk management arrangements and evaluate the potential impacts for the Council including for any new and/or emerging risks.
- To ensure Members and Officers are empowered with an awareness of fraud and corruption risks, their impacts, and the control arrangements to empower.
- 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 continue to deliver a best practice response, meeting professional guidance and responding to any changes in legislation.
- To provide an Internal Audit service which seeks to; deter, prevent, and detect fraud, corruption, bribery, money laundering and theft and formulate recommendations to improve policy, systems, and controls to reduce the incidence of such fraudulent activity.

3.0 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 that 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.
- Recognition that the Criminal Finances Act 2017 places obligations on the Council with regard to the failure to prevent the facilitation of tax evasion.

4.0 Response

The Council recognises that there is an inherent risk of fraud and corruption against the Council. Strong, ethical, and holistic governance can build resilience against these risks.

North Kesteven District Council will continue to take a **zero-tolerance** stance to all forms of fraud, theft, bribery, and corruption.

To enable this stance to be effectively actioned, the Council has aligned our strategy and response to national best practice.

Fighting Fraud and Corruption Locally (FFCL) provides the national strategy by local government for local government in response to economic crime and fraud.

The Council's counter fraud response will be:

- Risk based
- Proportionate
- Completed with due diligence
- Communicated
- Regularly monitored and reviewed

The response applies five pillars of activity:

Govern	Acknowledge	Prevent	Pursue	Protect
<ul style="list-style-type: none"> • Maintain robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council 	<ul style="list-style-type: none"> • Assess and understand fraud risks • Commit the right support to tackling fraud and corruption • Demonstrate a robust anti-fraud response • Communicate risks and response 	<ul style="list-style-type: none"> • Developing an effective anti-fraud culture • Enhancing fraud controls and processes • Making best use of information and technology • Communicating activity and successes 	<ul style="list-style-type: none"> • Investigation and prioritisation of fraud recovery sanctions, and punishment of offenders • Collaboration with strategic partners • Lesson learning and closing the gaps • Member and Officer training 	<ul style="list-style-type: none"> • Recognising the harm that fraud can cause in the community • Protecting the Council and its residents from fraud

Govern

The Audit Committee is charged with monitoring the effectiveness of the Council's Counter Fraud Framework, Financial Regulations and Contract Procurement Procedure Rules.

A suite of arrangements has been developed to tackle fraud and corruption:

- Counter Fraud, Corruption, Bribery & Money Laundering Strategy
- Whistleblowing Policy
- Fraud Response Procedure
- Gifts, Hospitality, Inducements and Declarations of Interest Arrangements

Counter fraud measures are embedded throughout other policies, risk management arrangements and systems of internal control, including but not limited to:

- Risk Management Processes
- Code of Conduct
- Financial Rules and Arrangements
- Information Security and Acceptable Use of ICT Assets Policy
- Suppliers and Contractors Code of Conduct
- The Council's Contract Procurement Procedure Rules
- Recruitment procedures
- Safer Lincolnshire Handbook (strategic response to tackling fraud as part of serious organised crime)

This list is not exhaustive but demonstrates how the Council's governance arrangements are holistically designed to support and embed a counter-fraud culture.

Acknowledge

The Council recognises the inherent and ongoing risk of fraud and collaborates with other authorities in Lincolnshire for a co-ordinated response to manage fraud against our Council.

North Kesteven District Council has committed resources to the Lincolnshire Counter Fraud Partnership (LCFP) which is co-ordinated by Lincolnshire County Council, and which facilitates and enables a county-wide approach.

It is important the Council understands its exposure to fraud as part of risk management arrangements. To assist with that, the LCFP provides a forum for the partners to share intelligence, expertise, and best practice to help identify and manage fraud risk exposure.

The Governance and Business Resilience Manager reports on fraud risk and counter fraud activity in an annual report to the Audit Committee and six-monthly reports to the Governance Risk and Assurance Project Board. These reports include details of fraud exposure, fraud attempts, assurance on the effectiveness of counter fraud and whistleblowing arrangements and a summary of the work that has been delivered to minimise fraud exposure.

Fraud threats constantly evolve, accordingly the Council's response to fraud will be agile. The Council will respond in a proportionate manner, and where necessary make use of additional external resources. For example, the LCFP, external and internal auditors and other specialist counter fraud professionals.

The Council continues to identify and recognise the risk of new and emerging fraud, for example the emerging use of artificial intelligence by those attempting to commit acts of fraud and our counter fraud arrangements are continuously evolving in response.

Prevent and Pursue

Fraud prevention is the responsibility of all colleagues and individuals working with or on behalf of the Council.

The Council will:

- Communicate the Council's **zero tolerance** stance to fraud and actions that have taken against fraudsters.
- Raise fraud awareness through a communications plan – of policies, spotting risks, knowing how to act and publishing actions taken against fraudsters.
- Provide and undertake regular counter fraud training for all colleagues.
- Work with internal audit to ensure there are robust systems of internal control.
- Explore opportunities for use of technology, such as data matching through the National Fraud Initiative.
- Collaborate strategically including participation in the National Fraud Initiative exercise.
- Promote the Lincolnshire councils' whistleblowing facility for reporting fraud concerns.
- Ensure fraud reports are followed up and investigated.
- Take steps for sanctions and redress following confirmed fraudulent activity.
- Reflect on the lessons learned after confirmed fraudulent activity and review and strengthen the counter fraud controls accordingly.

To assist in these activities the Council has access to specialist resource through the LCFP. This will be used to:

- Develop and deliver an effective coordinated fraud awareness programme.
- Deliver savings and achieve outcomes which will reduce fraud.
- Share intelligence, access investigative resources, expertise, and best practice.

Preventing Bribery and Corruption

The Council will ensure arrangements are embedded throughout policies and governance arrangements to prevent corruption.

Specific guidance on how to conduct business through contract negotiations are included in the Contract & Procurement Procedure Rules.

Suppliers and partners are expected to comply with Council policies when delivering goods and services on behalf of the Council.

There are clear rules in the Codes of Conduct and the Gifts, Hospitality, Inducements and Declarations of Interest Arrangements for Officers and Members regarding accepting gifts, hospitality, or donations.

Reporting Concerns

The Whistleblowing Policy sets out what should be reported and how this can be done. Resources are available through the Lincolnshire Counter Fraud Partnership to maintain the Council's whistleblowing arrangements.

Investigation

The Council's response to fraud is detailed in the Fraud Response Procedure. The procedure enables a consistent and through approach to reports of fraud.

The Fraud Response Procedure explains the action to take in the event of suspected fraud or corruption and how reported fraud concerns will be dealt with.

The Fraud Response Procedure sets out the Council's intent to investigate and, where fraud is found, to apply sanctions and seek redress.

Protect

The Council's actions to prevent and pursue fraud and corruption against the Council are designed to protect Council resources and assets.

Fraud can also cause harm in the wider community. The Council will work in collaboration with strategic partners to protect both the Council and the residents it serves from fraudulent activity.

North Kesteven District Council is one of the partner organisations of the Safer Lincolnshire Partnership (SLP). The SLP is the single multiagency forum for addressing community safety issues across Lincolnshire.

The SLP has identified tackling serious organised crime as a strategic priority. This includes fraud. The organisations current work is focused on preventing fraud and scams against members of the public, and ensuring individual victims are supported.

5.0 Monitoring

This strategy will be monitored for effectiveness annually by the Governance and Business Resilience Team and included in the reports submitted to Audit Committee and the Governance Risk and Assurance Project Board.

7.0 Review

This policy will be subject to formal review and updated, as necessary every three years. Off cycle alterations may be made in response to developments in legislation and/or guidance.

8.0 Communication

New colleagues will receive instruction on how to access the full strategy as part of the induction process.

The strategy will be available on the Council's website and intranet and is available through line managers for colleagues who do not have access to the intranet work.