

Anti-Fraud, Corruption and Bribery Strategy

Policy summary

<p>Purpose</p>	<p>This Strategy sets out Dorset Council's commitment to tackling fraud, corruption and bribery. It specifies the actions the Council promotes to prevent such acts, and sets out the roles and responsibilities of Councillors and employees in minimising the risk of fraud, corruption and bribery and reporting any suspicions they have. The Strategy provides a 10 step response plan for any issues of concern involving Council employees.</p>
<p>Scope</p>	<p>This policy and procedure applies to all Councillors, council employees, stakeholders, and anyone who needs to raise issues relating to fraud, corruption or bribery in the public interest.</p> <p>It relates to the following legislation: Theft Act 1968; Forgery and Counterfeit Act 1981; Terrorism Act 2000; Proceeds of Crime Act 2002; Fraud Act 2006; Bribery Act 2010</p> <p>It sits alongside the Council's Anti Money Laundering Policy and Whistle-blowing Policy.</p> <p>It supersedes the Anti-Fraud, Corruption and Bribery Strategy dated 6 February 2018.</p>

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1. Introduction

1.1 Fraud is a serious matter that affects both the council and the local area. It can have a direct impact on the level of council tax, the level of resources available to share amongst our community and local services such as housing, social care and education. We are committed to ensuring that fraud and corruption is reduced and that the risk is minimised by operating a zero-tolerance culture of fraud corruption.

1.2 **What is fraud?** It can be defined as any intentional false representation, including a failure to declare information or abuse of position that is carried out to make a gain, cause loss or expose another to the risk of loss.

1.3 Fraud can be used to describe many acts such as:

Deception	<i>Causing someone to accept as true or valid what is false or invalid</i>
Bribery	<i>Offering someone money or something valuable in order to persuade them to do something for you</i>
Forgery	<i>Copying a document, signature etc in order to deceive</i>
Extortion	<i>Using violence, threats, intimidation, or pressure from one's authority to force someone to hand over money or something valuable</i>
Corruption	<i>Offering, giving or accepting an inducement or reward which would influence the actions taken</i>
Conspiracy	<i>A plan or agreement formulated by two or more persons to commit an unlawful, harmful, or treacherous act</i>
Embezzlement	<i>Theft or misappropriation of funds placed in one's trust or belonging to one's employer</i>
Misappropriation	<i>The wrongful, fraudulent or corrupt use of other's funds in one's care</i>
False representation	<i>An untrue or incorrect representation regarding a material fact that is made with knowledge or belief of its inaccuracy</i>
Concealment of material facts	<i>The act of hiding or not putting forward any relevant fact that should to be revealed</i>

Collusion	<i>The act of doing something secret or illegal with another person, company, etc. in order to deceive people</i>
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- 1.4 The Council can be exposed to fraud and corruption through a variety of internal and external sources. It can involve anyone that is employed by or on behalf of the Council or anyone or group that has a relationship with the Council either as a supplier, contractor, customer, or service user. This means that fraud could be committed by any one of the thousands of people that the Council deals with on a daily basis.
- 1.5 Dorset Council is committed to achieving high standards of integrity and accountability and expects the same commitment from employees and others working for and dealing with the council.
- 1.6 As such, the Council’s Anti-Fraud, Corruption & Bribery Strategy sets out a zero tolerance approach to any such acts and records the Council’s clear commitment to deal with any cases robustly.
- 1.7 We aim to provide an open environment so that anyone can raise issues that they believe to be in the public interest, with the confidence that they will be acted upon appropriately. Therefore, those raising any such concerns are actively encouraged to do so and can have confidence that they will be protected from any detrimental treatment, such as victimisation and/or harassment.
- 1.8 This strategy is in place to send the clearest message to the Council’s stakeholders the importance that the Council places on its responsibility for the effective stewardship and safeguarding of public funds. It sits alongside the Council’s WhistleBlowing Policy and Procedure, which is in place to provide protection from any harassment, victimisation or other detriment to anyone who “blows the whistle” on serious wrong-doing.
- 2. Why do we have an Anti Fraud, Corruption & Bribery Strategy?**
- 2.1 The purpose of this Strategy is for the Council to set out clearly for Councillors, employees, contractors, the Council’s partners and the public:
- Its commitment to tackling fraud, corruption and bribery;

- The actions it promotes to prevent any such acts.
 - The responsibilities of Members and employees in minimising the risk of fraud, corruption and bribery and reporting any suspicions they may have.
- 2.2 We all have a special responsibility for dealing with public funds and assets. The Council takes very seriously its important stewardship role and, as such, is committed to meeting the high expectations and scrutiny to which the affairs of the Council are quite rightly subject.
- 2.3 Proper accountability, achieved through probity, internal control and honest administration is therefore an essential aspect of public service.
- 2.4 Thankfully acts of dishonesty associated with Dorset Council is rare and our zero-tolerance approach provides our clear and continuing commitment to dealing with any acts robustly.
- 2.5 In seeking to eliminate public sector fraud a number of key actions have been pursued and these form an active part of the Council's anti-fraud, bribery and corruption arrangements:
- A Zero Tolerance Approach
 - Collaboration and Data Sharing with other agencies
 - o Better Assessment of risks and measurement of losses
 - o Greater focus on fraud prevention activity
- 2.6 Widely recognised national guidance in terms of an effective fraud strategy provides three key themes to help focus the public sector approach to eliminating fraud. The Council is fully committed to each of these:
- Acknowledge – Establishing a clear recognition and understanding of fraud risks.
 - Prevent – The active prevention and detection of fraudulent activity.
 - Pursue – Being stronger in seeking to punish fraudulent activity and recovering losses.
- 2.7 To ensure success we all need to maintain constant vigilance in order to safeguard the resources with which we are entrusted.

- 2.8 We must raise awareness, deter and identify fraud and seek the support and ownership of others to help us to achieve this. As such, we must provide mechanisms and reporting lines that enable people to raise legitimate concerns.
- 2.9 The principles in this strategy apply to Councillors and all employees of the Council (including school-based staff) and they are designed to clearly communicate to the wider community of Dorset and beyond the Council's clear commitment to the prevention, deterrence, detection and investigation of all forms of fraud, bribery and corruption wherever it is found. As such, the Council's key principles in respect of fraud, bribery and corruption can be summarised as follows:
- Take a zero-tolerance approach to any such matters;
 - Introduce appropriate measures designed to minimise the risk;
 - Operate a procedure to enable genuine concerns to be reported and to protect those who do so;
 - Adopt formal procedures to investigate situations when it is suspected;
 - Aim to reduce losses to an absolute minimum;
 - Work closely with the Police (and other appropriate agencies) to combat fraud and seek appropriate redress through legal proceedings;
 - Use powers to work with others and share information to identify potential areas of concern;
 - Deter people from making malicious or unfounded accusations.
- 2.10 The Council also expects that any individual, associated or outside organisations, including suppliers, contractors and claimants, will act honestly in their dealings with the Council.
- 2.11 Where concern exists that this is not the case, the Council actively encourages any such matters to be reported.

3. What is Fraud, Corruption & Bribery?

3.1 **The Fraud Act 2006** created a general criminal offence of fraud and identifies three specific ways in which it can be committed, carrying a maximum penalty of 10 years of imprisonment:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

3.2 The Act also created four related criminal offences of:

- Possession of articles for use in frauds
- Making or supplying articles for use in frauds
- Participating in fraudulent business
- Obtaining services dishonestly

3.3 **The Theft Act 1968 and the Forgery and Counterfeit Act 1981** define offences of:

- Theft
- False Accounting
- Forgery

3.4 **The Bribery Act 2010** defines bribery as “giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.” There are four key offences under the Act:

- Bribery of another person
- Accepting a bribe
- Bribing a foreign public official
- A corporate offence of failing to prevent bribery

3.5 **The Proceeds of Crime Act 2002 and the Terrorism Act 2000** place obligations on the Council and its employees with respect to suspected money laundering and makes it a criminal offence to help a criminal ‘launder’ the proceeds of crime. Money laundering is the disguising of the source of money, either in cash, paper or

electronic form to conceal that the money has originated from crime, or that is to be used in the pursuit of future crime.

4. The Council’s Approach to Countering Fraud

4.1 The Council is committed to an effective anti fraud approach designed to reduce losses to fraud by raising awareness to the possibility of fraud taking place.

4.2 The approach is based upon the three key nationally recognised strands:

<p><u>ACKNOWLEDGE</u> That fraud happens and understanding fraud risks</p>	<p><u>PREVENT</u> Committed to preventing fraud happening</p>	<p><u>PURSUE</u> Committed to punishing fraudsters and recovering losses</p>
<p><i>The Council will....</i></p> <ul style="list-style-type: none"> • Acknowledge and understand fraud risks; • Maintain appropriate awareness and training; • Take action to mitigate any such risk; • Ensure regular review and update of risks; • Maintain a zero tolerance approach and a robust response 	<p><i>The Council will....</i></p> <ul style="list-style-type: none"> • Ensure roles and responsibilities are clearly defined and understood; • Make effective use of technology to help prevent and detect fraud; • Ensure effective systems and controls are established; • Share & use intelligence to help with prevention and detection; • Be actively vigilant & report concerns. 	<p><i>The Council will....</i></p> <ul style="list-style-type: none"> • Take immediate action when detection occurs; • Maintain a capability and capacity to investigate; • Make effective use of legislation and civil redress to ensure recovery; • Effectively collaborate with all other public sector organisations; • Publicise successful prosecutions.

5. Reporting Procedure

5.1 Although prevention is the most efficient and effective way to address fraud and corruption, it is acknowledged that despite best efforts, the Council may not always be successful in achieving this.

5.2 Therefore, if anyone has a reasonable concern or suspicion that any such acts may be occurring, they must report them.

5.3 Concerns should be reported, without delay, to a line manager or more senior directorate manager. In the first instance you should normally raise concerns with your line manager. There may though be instances where the seriousness of your concerns, or the suspected involvement of your line manager, means you need to go straight to your head of service or director. In the most serious of cases, or where you do not feel able to raise concerns within your own directorate, then you can also make a direct disclosure to:

- **Chief Financial Officer:** Aidan Dunn
- **Monitoring Officer:** Jonathan Mair
- **Chief Executive:** Matt Prosser

5.4 The Council's Financial Regulations also specifically require that cases of suspected financial irregularity are reported to the Council's Section 151 Officer / Chief Financial Officer.

5.5 Although people are actively encouraged to report their concerns through the internal procedures and can be confident that they can do so with appropriate protection, in rare cases where this is not considered to be possible, then concerns can be raised through the following channels:

- The Council's Confidential 'Fraud Hotline' – 01305 225009
- External Audit
- South West Audit Partnership (SWAP)
- The Police

- 5.6 When cases are reported, the Council is committed to objectively considering the concerns raised and, where appropriate, investigating and/or referring the matter to the appropriate authorities.

6. Investigation Process

- 6.1 The investigation of fraud, corruption & bribery is a complex and specialist area. It is important that any potential evidence that may be associated with the concerns is collected in a way that complies with the relevant legislation and does not compromise actions to be taken if fraud is established.
- 6.2 It therefore, usually, requires the involvement of specially trained staff to either advise, or to consider the requirement for, and/or to conduct, any subsequent investigations. Certain staff have various rights accorded to them under the 'Accounts and Audit Regulations', to access all necessary documents, records and information and to seek explanations from any member of staff.
- 6.3 Any decision to refer an investigation to the Police will be taken by the Council's Section 151 Officer / Chief Financial Officer, in consultation with the Chief Executive.
- 6.4 Officers will be subject to appropriate action, in accordance with the Council's disciplinary procedures, if there is evidence that they have been involved in any such activities in addition to any appropriate criminal proceedings, dependent upon the circumstances and the advice of the Police.
- 6.5 The Council's Communications Team will also need to be consulted and used to help manage any publicity associated with any proven cases. This will include where any financial loss has occurred and actions taken to seek recovery and/or redress. Any such publications will be discussed with the Council's Section 151 / Chief Financial Officer and approved prior to their release.

7. Key Roles & Responsibilities

Employees /Councillors

- Will ensure that any genuine concerns associated with the activities of the Council in respect of any fraud, bribery and corruption are reported.

All Managers

- Will ensure that their members of staff (including agency staff, consultants, contractors, volunteers etc) are aware of and follow approved Council procedures.
- Will ensure any concerns are raised with relevant officers

Directors / Chief Executive / Monitoring Officer

- Will respond to concerns positively and ensure that relevant notifications are reported and acted upon. The Monitoring Officer has a particular responsibility for the Whistle-Blowing Policy and Procedure.

Chief Financial Officer

- Will take overall responsibility for overseeing the appropriate application and adherence to the requirements of the Anti Fraud, Bribery and Corruption Strategy and maintain a record of all such notifications.
- Will provide proactive support and advice to managers as required; including attendance at meetings as necessary.
- Will ensure that this strategy is subject to formal review on a regular basis.

8. Summary

- 8.1 This strategy is in place to ensure that the Council is able to demonstrate its clear commitment to the effective stewardship of public funds in taking a zero tolerance approach to fraud, corruption & bribery.
- 8.2 The strategy aims to reduce the Council's actual and potential losses as a result of fraud, corruption & bribery.
- 8.3 It fully supports the Council's desire to maintain a culture of openness, fairness, trust and dignity.
- 8.4 A copy of the strategy will be placed on the Council's website to ensure that it is available and widely accessible to ensure any concerns can be raised.
- 8.5 The Council has in place a clear framework of systems and procedures to deter and investigate any cases of fraud, corruption and/or bribery. It will ensure that these arrangements are fair, proportionate and regularly monitored and updated to

ensure that they keep pace with future developments in prevention, deterrence and detection techniques.

Policy Owner: Marc Eyre, Service Manager for Assurance

Date Approved: Audit and Governance Committee 22 June 22

Review Date: May 2025

Fraud Response Plan

Elected Councillors

Any information concerning suspected fraud and corruption involving elected councillors must be referred to the Chief Executive, who will refer the matter to the Monitoring Officer. The Monitoring Officer will decide upon the most appropriate method of investigation.

Employees

The following fraud response approach should be used for incidents involving employees:

Step 1 – Commencing an Investigation: Decisions to proceed with an investigation will be made by the Senior Manager, in conjunction with the Chief Financial Officer, Monitoring Officer and Human Resources. A decision will also need to be made at this point as to whether the circumstances require the employee to be suspended from duty.

Step 2 – Appointment of Investigating Officers: For each investigation, the first action will be to appoint an Investigating Officer.

(NB: Further guidance is included in the Disciplinary Procedure)

Step 3 – Planning the Investigation: The Investigating Officer will need to engage and liaise with appropriate professional support (e.g. Internal Audit, HR) to ensure that a clear plan of action is drawn up to guide the investigation process. This will ensure that, as a matter of priority, any relevant and necessary documentary evidence pertaining to the investigation is immediately secured.

Step 4 – Referral to the Police (or other Agencies): If the investigation relates to a suspected criminal offence, a decision will need to be made from the outset whether to inform the Police. This decision will be made in conjunction with the Chief Financial Officer and the Monitoring Officer.

Step 5 – Gathering Evidence: The Investigating Officer will ensure, in conjunction with their professional support colleagues working on the case, that all evidence of fraud or corruption relating to the case are gathered swiftly, systematically, objectively and in a well-documented manner. The approach will follow requirements as set down in discussion with the Police, including statements and exhibits etc. The Investigating Officer will seek to

ensure that they are kept closely informed of progress and key developments of any Police investigations.

Step 6 – Progress Reviews: During the course of the investigation, interim reports will be produced by any professional support colleagues working of the case to provide regular updates on progress and findings. These can be either written or verbal as required. These will help to ensure a close and focused attention to progress.

Step 7 – Conclude Investigation: A final report, setting out the findings and conclusions from the investigation, will be produced that may be used by management as a basis for disciplinary action in conjunction with HR.

Step 8 – Recommendation to Improve System Controls: The final report will also include any requirements and/or opportunities that have been identified during the investigation process to reduce risk and improve system and controls. Responsible managers will be expected to take the necessary actions to implement these recommendations in a timely manner.

Step 9 – Recovering Losses: The Investigating Officer will ensure that all available opportunities are followed to obtain compensation for any losses to the Council, including insurance, voluntary restitution or by compensation claims.

Step 10 – Communication and/or Press Release: The decision to issue communications about fraud or corruption cases that have been investigated and proven by the Council will be made in discussions with the Investigating Officer, Chief Financial Officer, Monitoring Officer and Chief Executive. In doing so they will give due consideration, on a case by case basis, to any sensitive and legal issues involved and the need for confidentiality.