

Counter Fraud and Corruption Policy and Strategy

Southend-on-Sea City Council
Counter Fraud and Corruption Policy and Strategy

VERSION CONTROL SHEET

Title:	Counter Fraud and Corruption Policy and Strategy
Purpose:	To define Southend-on-Sea City Council's Counter Fraud and Corruption Policy and Strategy and advise Council workers and suppliers how to identify fraud and corruption and report it.
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Nov 2018	Revision of formatting and reporting methods, legislative changes.	Joe Chesterton, Strategic Director (Finance & Resources)
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Nov 2024	Revision to reflect the current Counter Fraud & Investigation service and to support the Corporate Plan, addition of 'failure to prevent' offences.	

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Policy statement

Southend-on-Sea City Council is serious about protecting the public money we are charged to manage. We take a strong stance against those who seek to commit fraud against the council.

It is an unfortunate reality that Southend-on-Sea City Council, like any large organisation, is not immune from fraud, bribery and corruption from both those outside the organisation and the few who may work here and commit crime.

Cases of internal fraud are extremely rare and the Council has a strong framework of policies and controls in place to identify risks and detect any instances, supported by our Internal Audit Service and Counter Fraud & Investigation Team.

This policy sets out what the council will do to make it the most difficult environment for fraud to occur and the responsibility that is on everyone in the council to identify fraud and report it.

Fraud in councils can happen anywhere. No team or department is immune. As a council we spend almost £500m annually. International standards say that about 3% of that spending will be lost due to fraud and corruption. That equates to potentially £15m, every year.

It is important that we look after our stakeholder's money and make sure no one misuses it, particularly when the financial environment is so challenging. It is incumbent on all of us in the Council to report any suspicions we may have and support the Internal Audit and Counter Fraud services in their work.

Colin Ansell

Chief Executive

1 Introduction

- 1.1 As a local authority Southend-on-Sea City Council (the Council) is responsible for delivering a wide range of key frontline services such as educating and protecting our children and young adults, supporting the vulnerable in health and social care support, maintaining our roads, and keeping our city clean and green.
- 1.2 We deliver these services using public money. Criminals will seek to take that money from the Council regardless of the consequences to the community. These criminals come in all forms: the public, service users, suppliers and colleagues included.
- 1.3 Fraud has grown hugely in recent years and now accounts for 39% of all crime in England and Wales. Estimates by the National Crime Survey show that there were 3.5 million fraud offences committed in the year ending March 2024. This is equal to the total theft and violent crime offences combined¹. However, the police have only 1,618 officers dedicated to fraud investigation; this is less than 1% of their workforce². A 2019 inspection of the police's response to fraud found that these offences are generally not considered to be a priority³. Although the national response to the threat from fraud is improving, the scale of the threat is beyond the resources of our law enforcement agencies to tackle it alone. A significant focus of this response is focused on enabling businesses, individuals and local authorities to protect themselves.
- 1.4 The Council's Counter Fraud & Investigation Team's (CFIT) core purpose is to protect the public's money and the Council's funds and assets from those that wish to take it.
- 1.5 The Council's Counter Fraud and Corruption Policy defines its approach to the threat from fraud and corruption and what it will do to counter it.
- 1.6 The Council's Counter Fraud and Corruption Strategy defines how it will deliver the Policy.
- 1.7 The objectives of the Counter Fraud and Corruption Policy and Strategy are:
- To make a clear statement that fraud and corruption against the Council will not be tolerated.
 - To protect the public's money and Council funds from those who seek to take or misappropriate it unlawfully.
 - To protect the reputation of the Council and assist in the good governance of its resources.

As such, they support all areas of the Council's business, it's Vision and Corporate Plan by ensuring that the maximum possible resources are available to deliver the achievement of success.

¹ Victims Commissioner, 2021

² Institute for Government, 2021

³ Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, 2019

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- 1.8 Every Council employee, and our partners, are responsible for following this policy, not tolerating fraud, and encouraging a 'counter fraud culture' among colleagues and associates.
- 1.9 As Council workers and public servants, we are all required to demonstrate the highest levels of honesty, integrity, transparency, accountability and leadership. These are enshrined in the Council's *Values and Behaviours* and the *Seven Principles of Public Life* (The Nolan Principles). Everything we do should be in the public interest.
- 1.10 This Policy and Strategy is part of a package of documents that form the Council's response to the threat from this serious crime. It should be read in conjunction with the Council's *Counter Money Laundering Policy and Strategy*, its *Whistleblowing Policy and Procedure*, and the *Fraud Response Plan*.

2 Definitions

Fraud

- 2.1 Fraud is obtaining money or a benefit for yourself or others by deception. The Fraud Act 2006 defines three core fraud offences:
- Fraud by false representation,
 - Fraud by failing to disclose information, and
 - Fraud by abuse of position.
- Fraud is a criminal offence and can result in prosecution and imprisonment.
- 2.2 Fraud is where a person is dishonest in their actions or behaviour to cause a loss to the Council or expose the Council to a potential loss. It also includes where a person causes a chain of events by doing **or not doing** something that causes or exposes the Council to a loss.
- 2.3 The Economic Crime and Transparency Act 2023 introduced the offence of 'failing to prevent fraud'. In this, large, incorporated bodies and partnerships will be liable to prosecution if an employee, agent, subsidiary, or other associated person commits a fraud intending to benefit the organisation or their clients.
- 2.4 For this document, the use of the term 'fraud' also includes any criminal offence where money or assets belonging to the Council can be lost, including theft, burglary, other deception offences, and corrupt practices by those who work for or with us.
- 2.5 Examples of fraud against the Council include:
- Applying for services, discounts, grants, support, housing etc. which someone is not entitled to by making false declarations, embellishing circumstances, or failing to declare assets
 - Suppliers or staff taking advantage of payment systems and processes through the submission of false invoices, over-charging, delivering goods and services that were not required, or delivering goods and services that were below the required standard

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- Employee fraud such as diverting funds or resources to their own or other's benefit, fraudulently claiming expenses or overtime that they have not incurred or worked, subverting policies and procedures for example, to gain a preferred school place, parking privileges, cancel fines or obtain housing.

Bribery and corruption

- 2.6 Corruption is the use of power and responsibility for personal or private gain. It involves the abuse of a privileged position of authority to acquire illicit benefits or gain for oneself or others. Corruption includes fraud and bribery.
- 2.7 As public servants, all workers in the Council are in a privileged position to serve the public of the City of Southend-on-Sea. That privilege comes with a responsibility to fulfil the significant amount of trust and confidence placed in us in how we conduct ourselves.
- 2.8 An example of corruption would be 'cronyism', which is favouring friends by giving them employment without proper regard to their qualifications or ability.
- 2.9 It is a criminal offence for anyone working at the Council to receive gifts or hospitality where there is an expectation that we do something we should not in return. This is bribery as defined under the Bribery Act 2010 and is deemed to be a criminal offence.
- 2.10 Examples of bribery include offering money or benefits:
- to approve a planning application that would normally be rejected
 - to 'look the other way' for parking fines, environmental offences, or other enforcement responsibilities
 - to award housing to someone who either does not qualify or would not normally be offered it.

Whistleblowing

- 2.11 A whistleblower is someone, usually an employee, who reports activity within the organisation that is illegal, immoral, fraudulent, or an abuse of public funds.
- 2.12 Research shows that whistleblowing is amongst the most effective methods in preventing and detecting internal fraud and corruption⁴. Of all internal frauds investigated, by far the greatest number (40%) were raised by whistleblowers⁵.
- 2.13 The Council has a separate *Whistleblowing Policy and Procedure* and strongly supports its provisions.
- 2.14 Employees or contractors who report concerns under the Whistleblowing Policy in good faith can remain anonymous and are protected, in law, from repercussions resulting from their report.

⁴ Transparency International, 2021

⁵ Association of Certified Fraud Examiners, 2020

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- 2.15 CFIT are the first point of contact for reporting whistleblowing concerns and employees and contractors can do this confidentially and, if necessary, anonymously through the mechanisms provided in the Whistleblowing Policy.

3 The Council's Counter Fraud and Corruption Policy

- 3.1 Fraud and Corruption against the Council will not be tolerated. The duty to protect the Council from fraud and corruption, and to report suspicions and concerns, extends to every Councillor, employee, and partner in the Council. All Members and officers are expected to always behave according to the Council's Values and Behaviours and the Nolan Principles. All Members and officers are expected to be aware of the risks from fraud and corruption and to encourage a zero-tolerance counter-fraud culture in their work and with colleagues.
- 3.2 All Members and officers are expected to be aware of this Policy and abide by its provisions.
- 3.3 This Policy has the full support of the Audit Committee and the Corporate Leadership Team.
- 3.4 The Council will take appropriate action to ensure that adequate measures are in place to:
- Protect the Council from fraud and corruption
 - Prevent the commission of fraud and corruption against the Council
 - Detect fraud and corruption committed against the Council
 - Pursue and punish those who have committed fraud and corruption against the Council
 - Recover funds and assets lost to fraud and corruption against the Council
 - Deter those wishing to commit fraud and corruption against the Council
 - Enable effective routes and protections for reporting whistleblowing concerns
 - Encourage continuous counter fraud and corruption learning and the development of a 'counter fraud culture' for all officers
 - Ensure that the Counter Fraud & Investigation Team have sufficient resources to deliver and develop the Counter Fraud and Corruption Strategy.
- 3.5 All areas of the Council's business should consider the risk from fraud and corruption and how it affects their work. This is particularly important when developing new policies and procedures.
- 3.6 CFIT are responsible for this Policy, the following Strategy, and delivering the strategy. They will work in partnership with all areas of the Council's business, as appropriate, to deliver this.

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- 3.7 CFIT will be directly accountable to the Head of Internal Audit and Counter Fraud, the Executive Director of Finance and Resources, the Monitoring Officer and publicly accountable to the Council's Audit Committee and Cabinet Member for Finance, Assets and Investments.
- 3.8 All Council members, employees and partners are expected to cooperate fully and openly with, and support, CFIT's work. They are also expected to report any concerns or suspicions of fraud and / or corruption to CFIT.

4 The Council's Counter Fraud and Corruption Strategy

- 4.1 CFIT are responsible for dealing with cases of suspected criminality, fraud and corruption against the Council. It is a team of qualified and experienced criminal investigators who can gather evidence to the highest standard and are best placed to progress an investigation. The Council conducts its own prosecutions of offenders under s222 of the Local Government Act 1972 (for the promotion or protection of the interests of the inhabitants of the area).
- 4.2 This strategy adopts the recommendations made in *Fighting Fraud and Corruption Locally: A strategy for the 2020s*⁶ (FFCL); this is the national blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.
- 4.3 By adopting these recommendations, the Council will:
- Develop and maintain a culture in which fraud and corruption are unacceptable
 - Understand the harm that fraud can do in the community
 - Understand the fraud risk
 - Prevent fraud more effectively
 - Use technology to improve the fraud response
 - Share information and resources more effectively
 - Better detect fraud loss
 - Bring fraudsters to account more quickly and efficiently
 - Improve the recovery of losses
 - Protect those at risk.
- 4.4 FFCL focuses on five pillars of counter fraud activity that represent the aspects local authorities should concentrate their efforts on:
- **Govern**: having robust arrangements and executive support to ensure counter fraud and corruption measures are embedded throughout the organisation
 - **Acknowledge**: acknowledge and understand fraud risks and committing resource to tackling fraud and maintaining a fraud response
 - **Prevent**: preventing and detecting more fraud through better use of information and technology, enhanced controls, and an effective anti-fraud culture

⁶ Local Government Association, CIFAS et al., 2020

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- **Pursue:** punishing offenders and recovering losses, develop investigative capacity and capability, increase local collaboration
- **Protect:** protecting against serious and organised crime, protecting the Council, individuals and the community from harm, protecting public funds, protecting from future frauds.

4.5 This strategy is supported by the Council's Chief Executive, the Executive Director of Finance and Resources, the Corporate Leadership Team and the Audit Committee. This strategy, along with the Council's Whistleblowing and Money Laundering Policies, the Fraud Response Plan, and the support and resourcing of CFIT, form the basis of the Council's response to the threat from fraud and corruption⁷.

4.6 CFIT will protect the Council and prevent fraud and corruption by⁸:

- Conducting Fraud Risk Assessments on those areas of the Council's business that are at a high risk of fraud, providing assurance that effective controls are in place and functioning properly, and making recommendations where inadequately controlled risks are beyond the Council's risk appetite and tolerance
- Reviewing Fraud Risk Registers and testing controls to provide assurance that fraud risks are controlled tolerably and to identify emerging fraud risks, making recommendations as appropriate
- Educating Council officers, partners, and residents to raise their awareness of fraud and corruption, how to spot it, and how to report it
- Sharing and disseminating information on current and emerging fraud and corruption threats to those areas of the Council's business that need to know
- Where possible, recovering funds and assets that have been lost due to fraud and corruption
- Deterring those that would commit fraud and corruption against the Council (see below)
- Working to ensure that reasonable policies and procedures are in place to avoid the Council being liable for 'failure to prevent' offences (see **Appendix 2**).

4.7 CFIT will detect fraud and corruption committed against the Council by⁹:

- Ensuring that there are mechanisms to report fraud and corruption, through multiple channels, available 24 hours a day, 7 days a week, and that this is easy to do and anonymous if required
- Ensuring that Whistleblowing procedures are secure and confidential, that Whistleblowing reporting is confidential and easy to do, and that Whistleblowing protections are robust and adhered to

⁷ FFCL Govern and Acknowledge activities

⁸ FFCL Acknowledge, Prevent, and Protect activities

⁹ FFCL Prevent, Pursue, and Protect activities

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- Assessing all referrals made to CFIT for reasonable suspicion that an offence has been committed and investigating all matters where that reasonable suspicion is justified
- Conducting proactive fraud and corruption detection and deterrence exercises in the community and the Council
- Utilising the full potential of technological advances to identify fraudulent or corrupt activity for example, using data-matching and data-mining technology or intelligence analysis to identify areas at the most risk of fraud and corruption
- Working closely with our key stakeholders in the Council and outside agencies to enhance fraud and corruption reporting and detection mechanisms
- Investigating all allegations of fraud and corruption where there is reasonable cause to suspect an offence has been committed. Investigations will be conducted objectively, fairly, and in accordance with best practice and the relevant legislation
- Coordinating the Council's participation, contribution and response to the National Fraud Initiative.

4.8 CFIT will pursue and punish those who commit fraud and corruption against the Council by¹⁰:

- Where there is sufficient evidence to believe that fraud and corruption has been committed against the Council, CFIT working in partnership with the Council's Legal Services and Human Resources, will take the appropriate action which may include:
 - Prosecution for criminal offences
 - Civil action
 - Disciplinary proceedings
 - The imposition of fines and penalties and / or
 - Referral to other agencies.

4.9 Where there is sufficient evidence to believe that a criminal offence has been committed, the decision to prosecute is one made between CFIT and the Council's Senior Lawyer and criminal prosecutor. The Code for Crown Prosecutors¹¹ will be used to guide this decision; it is used to decide whether:

- There is sufficient evidence to support a successful criminal prosecution and
- It is in the public interest to prosecute those responsible.

The prosecution of individuals and companies is expensive and often a net loss for the prosecuting authorities. This route would normally be reserved for those case that:

- The fraud is substantial in amount and / or time over which it was committed
- There are significant aggravating factors to the offence

¹⁰ FFCL Pursue activity

¹¹ The Crown Prosecution Service, 2018

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- There is a strong public interest for prosecution and / or
- The Council's reputation demands firm action.

Other routes to resolution, such as the imposition of a penalty, disciplinary action and civil proceedings will be pursued where such action is proportionate, cost-effective, and would be considered reasonable to the public.

4.10 CFIT will seek to recover funds and assets lost to fraud and corruption against the Council by:

- Voluntary reparation
- Civil action and
- Court orders following conviction.

Where appropriate, CFIT will seek to deny convicted offenders access to the proceeds of their crimes by utilising its Accredited Financial Investigator to seek the confiscation of funds and assets.

4.11 CFIT will deter those wishing to commit fraud and corruption against the Council by:

- Building the Council's reputation as a hard target for fraud and corruption
- Publicising successful investigations and prosecutions
- Conducting high-visibility proactive fraud detection and deterrence exercises in the community
- Publicising the Council's fraud reporting mechanisms
- Regular Counter Fraud messages to the community through engagement, social media channels and the local press.

4.12 CFIT will encourage continuous counter fraud and corruption learning and the development of a 'counter fraud culture' for all officers through:

- The provision of training materials to all staff
- The provision of information on new and emerging fraud threats to relevant departments
- Regular newsletters on current fraud threats and what to do about them
- Bespoke training packages to areas of the Council's business at the highest risk of fraud and corruption.

4.13 CFIT will publish an Annual Work Plan which will describe the planned activities that support the delivery of this Strategy. Progress on delivery of the Work Plan is reported to the Council's Audit Committee on a quarterly basis. CFIT will also publish an Annual Report on its achievements and progress in delivering this Strategy.

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- 4.14 CFIT will report monthly to its key stakeholders in the Council on the progress of investigations relevant to their business areas.

The key stakeholders, based both on volume and value of frauds reported or detected currently are:

- The Revenues and Benefits Teams and
- South Essex Homes.

- 4.15 CFIT will report to and update all internal referrers and informants on the progress of relevant investigations.

5 Reporting concerns and suspicions of fraud and corruption

- 5.1 It is the responsibility of everyone working in the Council to be aware of and report suspicions of fraud and corruption taking place. Officers are not required to speak to their manager before they do this.

- 5.2 If an officer sees suspicious activity indicative of fraud or corruption they should:

- Not raise their suspicions with the individual, and not inform or warn any person that they are raising concerns about
- If possible, take copies of any records that could help and store them in a secure location. Do not remove records
- Contact CFIT as soon as possible by:
 - Calling **01702 215254** (extension 5254)
 - Emailing **counterfraud@southend.gov.uk**
 - Visiting CFIT in person at their secure office in the Fountain Rooms, Ground Floor, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex
 - Informants should follow any reasonable instructions given by CFIT.

If an officer has reasons to request anonymity, this will be respected, and their identity will not be disclosed without that person's permission. All reasonable steps will be taken to avoid any indications of the source of the information provided.

Alternately, staff can report concerns or suspicions completely anonymously through the fraud reporting form on the Council's public-facing website: [Report Fraud | Form information – Southend-on-Sea City Council](#)

- 5.3 The above reporting routes are also available for whistleblowers. Whistleblowers who are keen to remain anonymous or concerned about repercussions should identify this at an early opportunity. Special secure procedures are in place to protect the identity of whistleblowers and to afford safeguards against negative repercussions from their report.

- 5.4 More detail on how to report suspected fraud and / or corruption, what to do if fraud and / or corruption is suspected, roles and responsibilities, and the Council's response can be found in the *Fraud Response Plan*.

Appendices

Appendix 1: Key contacts

Appendix 2: 'Failure to prevent' offences

Appendix 1: Key contacts

Contact	Details
The Counter Fraud & Investigation Team	counterfraud@southend.gov.uk 01702 215254
Shaun Dutton Counter Fraud & Investigation Manager	shaundutton@southend.gov.uk 01702 534290
Andrew Barnes Head of Internal Audit and Counter Fraud	andrewbarnes@southend.gov.uk 01702 215802
Joe Chesterton Executive Director: Finance & Resources (s151 Chief Financial Officer)	joechesterton@southend.gov.uk 01702 215200
Susan Zeiss Director of Legal Services and Monitoring Officer	susanzeiss@southend.gov.uk 01702 534047
Protect Independent whistleblowing charity providing support and legal advice. 	https://protect-advice.org.uk 020 3117 2520

Appendix 2: ‘Failure to prevent’ offences

1 Introduction

Failing to prevent bribery

- 1.1 The Bribery Act 2010 introduced the offence of ‘failing to prevent bribery’. In this, a commercial organisation or partnership will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or a business advantage.
- 1.2 The Council falls under the definition of ‘commercial organisation’ in this legislation.
- 1.3 The main core offences of the Bribery Act are:
 - Section 1: Bribing another person
 - Section 2: Being bribed
- 1.4 The Act defines an ‘associated person’ as a person who performs services for or on behalf of the organisation; this can be an individual or an incorporated or unincorporated body. This includes employees, agents, contractors, suppliers, and subsidiaries where they can properly be said to be performing services for the commercial organisation.

Failing to prevent fraud

- 1.5 The Economic Crime and Transparency Act 2023 introduced the offence of ‘failing to prevent fraud’. In this, large, incorporated bodies and partnerships will be liable to prosecution if an employee, agent, subsidiary, or other associated person commits a fraud intending to benefit the organisation or their clients.
- 1.6 The Council falls under the definition of ‘large, incorporated body’.
- 1.7 The main core offences of the Fraud Act 2006 are:
 - Section 2: Fraud by false representation
 - Section 3: Fraud by failing to disclose information
 - Section 4: Fraud by abuse of position
 - Section 9: Participation in a fraudulent business
 - Section 11: Obtaining services dishonestly.

Other core offences that would make an organisation liable for a failure to prevent fraud offence are:

- Cheating the public revenue (common law)
- False accounting (section 17 Theft Act 1968)
- False statements by company directors (section 19 Theft Act 1968)
- Fraudulent trading (section 993 Companies Act 2006).

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- 1.8 The Act defines an ‘associated person’ as a person who provides services for or on behalf of the organisation
- 1.9 Both ‘failure to prevent’ offences sit alongside the existing law i.e. an employee can be prosecuted for the fraud offence and the organisation can be prosecuted for failing to prevent it.

2 The defence against prosecution

- 2.1 The defence against prosecution is similar for both offences:
- Failure to prevent bribery: the organisation will have a full defence if it can show that despite a particular case of bribery it nevertheless had adequate procedures in place to prevent persons associated with it from bribing. The standard of proof for this defence is the balance of probabilities.
 - Failure to prevent fraud: the organisation will have a full defence if they have reasonable procedures in place to prevent fraud, or if they can demonstrate to the satisfaction of the court that it was not reasonable in all the circumstances to expect the organisation to have any prevention procedures in place. The standard of proof for this defence is the balance of probabilities.
- 2.2 In short, the Council needs to be able to demonstrate that it has reasonable procedures in place to prevent fraud or bribery.

3 Reasonable procedures to prevent fraud or bribery

- 3.1 The Home Office has published guidance to organisations on the offence of failure to prevent fraud¹² and the Ministry of Justice has published guidance to organisations about procedures they can put in place to prevent persons associated with them from bribing¹³.
- 3.2 The guidance is the same in both publications and are based on the following principles:
1. Top-level commitment
 2. Risk assessment
 3. Proportionate risk-based prevention procedures
 4. Due Diligence
 5. Communication (including training)
 6. Monitoring and review

¹² *Economic Crime and Corporate Transparency Act 2023: Guidance to organisations on the offence of failure to prevent fraud* (Home Office, 2024)

¹³ *The Bribery Act 2010: Guidance about procedures which relevant organisations can put into place to prevent persons associated with them from bribing* (Ministry of Justice, 2011)

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Top-level commitment

- 3.3 There should be clear statements from the Corporate Leadership Team and the Council that they are committed to preventing associated persons from committing fraud or bribery. This should state that they foster a culture in the Council in which fraud or bribery is never acceptable and will reject profit based on, or assisted by, fraud or bribery.

This commitment should include training and resourcing, clear governance across the organisation in respect of a fraud prevention framework, and fostering an open culture where people feel empowered to speak up.

Risk assessment

- 3.4 The risk of fraud or bribery being committed by associated persons should be built into the Council's risk assessments and registers. The most effective method for this would be as part of a fraud risk assessment.

The definition of associated person is wide and could include contractors, agents, suppliers, subsidiaries, and others. Procedures to prevent fraud or bribery, or to mitigate the risk of this happening, should be considered in contracts, tenders, projects, and other circumstances where associated persons provide a service on behalf of the Council.

Departmental risk registers should consider the risk of employees committing fraud or bribery to benefit the Council or its business.

Proportionate risk-based fraud and bribery prevention procedures

- 3.5 Prevention procedures should be proportionate to the risks the Council faces and the nature, scale, and complexity of its activities. They should be clear, practical, accessible, effectively implemented and enforced. They should be proportionate to the risk identified in the risk assessment in terms of likelihood and impact.
- 3.6 The Council should publish a fraud and bribery prevention plan.
- 3.7 The Council should assess areas where existing regulatory compliance mechanisms, financial reporting controls, and fraud prevention measures are sufficient to prevent the fraud and bribery risks identified in the risk assessment, to avoid duplication of work.
- 3.8 Reasonable prevention procedures could include:
- Reducing the opportunity for fraud and bribery
 - Reducing the motive for fraud and bribery
 - Putting in place consequences for committing fraud and bribery
 - Reducing the rationalisation of such behaviour for example, with clear statements in contracts and through training programs, reinforcing codes of conduct etc.

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Due diligence

- 3.9 The Council should apply due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for and on behalf of the Council, to mitigate fraud and bribery risks.
- 3.10 The guidance suggests that existing procedures tailored to a different risk may not be an adequate response to mitigate the risk of fraud and bribery. Areas of the Council's business exposed to the greatest risk may want to clearly articulate due diligence procedures specifically relating to fraud and bribery offences.
- 3.11 Examples of best practice include:
- Using appropriate technology such as risk management tools, screening tools, internet searches, checking trading history or professional / regulated status, or vetting checks
 - Reviewing contracts of service providers and agents to include obligations requiring compliance and the ability to terminate in the event of a breach
 - Monitoring staff, agents, and contractors' well-being to identify persons who may be more likely to commit fraud or bribery because of stress, targets, or workload.

Communication

- 3.12 The Council should endeavour to ensure that its prevention policies and procedures are communicated, embedded and understood throughout the organisation through internal and external communication and training.
- 3.13 A clear statement of the Council's policy against fraud and bribery should be made to deter those providing services for or on behalf of the Council from engaging in these activities. This should be communicated to all levels of the organisation.
- 3.14 Training should be proportionate to the level of risk. This could be incorporated into existing fraud and corruption training.
- 3.15 Employees and other associated persons should be familiar with the whistleblowing policy and procedure.

Monitoring and review

- 3.16 Monitoring includes three elements:
- Detection of fraud and bribery and attempted fraud and bribery
 - Investigations into suspected fraud and bribery
 - Monitoring the effectiveness of fraud and bribery prevention measures.
- 3.17 Review is necessary as the risks faced by the Council change over time. It may also be necessary in the case of a failure to prevent fraud or bribery or because of changes of policy, procedure, or activity.

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3.18 Reviews of risk assessments should be conducted at consistent intervals. The prevention policies and procedures should also be subject to internal audits.