



# **Anti Fraud, Bribery and Corruption Statement and Strategy.**

April 2021



WORKING TOGETHER

## **ANTI FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT**

The Council (South Ribble Council & Chorley Council) is committed to adopting a zero tolerance approach to fraud, and corruption from both internal and external sources. It is committed to acting professionally, fairly and with integrity and to implementing and enforcing effective systems to counter fraud, bribery and corruption. The Council will promote an environment that actively encourages the highest principles of honesty and integrity.

The overall objective is to limit the Council's exposure to fraud and corruption, and to minimise financial loss and the potential adverse effects on its reputation in the event of this occurrence by:

- creating a counter fraud culture;
- understanding the fraud risks facing the Council;
- implementing measures to deter, prevent and detect fraud;
- promptly and professionally investigating alleged or detected fraud;  
and
- imposing appropriate sanctions and redress where fraud or corruption are proven.

All Members and employees of the Council should ensure the highest standards of stewardship of public funds. The detection, prevention and reporting of fraud, bribery and corruption is the responsibility of all Members, employees (including casuals, temporary and agency staff), partners, and contractors of the Council. The Council aims to fight fraud and corruption by encouraging prevention whilst also promoting detection.

It is important to note that fraud may be committed both from within the Council and externally. Fraud may be complex or simple; opportunistic, pre-planned or continuous. Unlike fraud, bribery and corruption usually require the involvement of a Council member or employee.

## ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

### 1. Introduction

- 1.1 Chorley Council and South Ribble Borough Council are committed to promoting a strong ethical and counter fraud culture. This anti-fraud and corruption strategy is the mechanism for achieving this commitment and in particular, aims to reduce losses to fraud and corruption in all areas of the Councils to an absolute minimum.
- 1.2 Both Councils have a wide range of policies and procedures which aim to prevent fraud, bribery and corruption and these include:
- Contracts Procedure Rules,
  - Financial Procedure Rules
  - Local Code of Corporate Governance;
  - Codes of Conduct for Employees
  - Codes of conduct for Elected Members;
  - Capability and Conduct Policy;
  - Whistleblowing Policy;
  - Anti-Money Laundering Policy;
  - Information Security Framework
- 1.3 This strategy adheres to the CIPFA Code of Practice – Managing the Risk of Fraud and Corruption (2014) and the four key themes of the Local Government Fraud Strategy – Fighting Fraud & Corruption Locally.(2020). The Code requires leaders of public sector organisations to have a responsibility to embed effective standards for countering fraud and corruption in their organisations in order to support good governance and demonstrate effective financial stewardship and strong public financial management.

CIPFA – Managing the Risk of Fraud & Corruption	Fighting Fraud & Corruption Locally
Acknowledge the responsibility of the governing body for countering fraud and corruption	<b>Govern</b> Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance
	<b>Acknowledge</b> Acknowledging

Identify the fraud and corruption risks	and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.
Develop an appropriate counter fraud and corruption strategy	<b>Prevent</b> Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
Provide resources to implement the strategy	
Take action in response to fraud and corruption.	<b>Pursue</b> Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

## 2. Definitions of Fraud, Bribery and Corruption

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as

*"the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."*

Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party. The Fraud Act 2006 defines fraud in three classes:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

2.2 CIPFA defines corruption as the:

"the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person".

2.3 The Theft Act 1968 defines theft as:

*"a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it."*

## 2.4 CIPFA defines bribery as

*“an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage”.*

The Bribery Act 2010 contains the following four categories of offence and whilst it was updated in May 2013, these categories of offence remained unchanged:

- offering, promising or giving a bribe to another person;
- requesting, agreeing to receive or accepting a bribe from another person;
- bribing a foreign public official; and
- a corporate offence of failing to prevent bribery.

## 3 Scope

3.1 The Councils aim to foster honesty and integrity, and to uphold the Seven Principles of Public Life developed by the Nolan Committee on Standards in Public Life and set out at Appendix 1 below. High ethical standards are an integral part of good governance. In promoting good governance the Council aims to create a counter fraud culture to help deter people from committing fraud and to encourage those who suspect fraudulent activity to report it.

3.2 The Policy Statement / Strategy applies to all elected Members and all officers (full time, part time, temporary, casual and volunteers) who work for the Councils. The term “officer” includes all types of employees of the Councils.

3.3 The Councils also expect that individuals and organisations (e.g. partners, suppliers, contractors, service providers and voluntary organisations) that it deals with will act with integrity and without thought or actions involving fraud, bribery and corruption. Where relevant, the Councils will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption and evidence of such acts are most likely to lead to a termination of the particular contract and may lead to prosecution.

3.4 The Anti-Fraud, Bribery and Corruption Policy Statement and Strategy are commended to the Councils partner organisations with the expectation that they will be applied either wholly or as the basis for their own local version

## 4 Creating and maintaining a strong culture

4.1 Responsibility for an anti-fraud culture is the joint duty of all those involved in giving political direction, determining policy and

management. The strategy should be directed against fraud and corruption whether it is attempted against the Council from outside or from within its own workforce.

- 4.2 The Councils expects that Members and officers at all levels will lead by example in ensuring adherence to legal requirements, Contracts Procedure Rules, Financial Procedure Rules, Codes of Conduct and best (professional) practice.
- 4.3 As part of this culture, the Councils will provide clear routes by which concerns can be raised by both Members and officers, and those outside who are providing, using or paying for public services.
- 4.4 The Shared Senior Management Team is expected to deal swiftly and firmly with those who defraud the Council or who are corrupt. The Councils, including Members and the Shared Senior Management Team will be robust in dealing with financial malpractice.
- 4.5 The Governance Committees, have included within their Terms of Reference the need to ensure that adequate arrangements are established and operating to deal with situations of suspected or actual wrongdoing, fraud and corruption.

## **5 Deterrence**

5.1 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Councils, and these include:-

- Publicising the fact that the Council is firmly set against fraud and corruption and states this at every appropriate opportunity – e.g., publicising the Whistleblowing arrangements, clauses in contracts, statements on benefits claim forms and publications etc.;
- Acting robustly and decisively when fraud and corruption are suspected and proven – e.g., the termination of contracts, dismissal and prosecution etc.;
- Taking action to effect the maximum recoveries for the Council – e.g. through agreement, Court action, penalties and insurance etc.;
- The Council's Shared Service Lead Communications and Visitor Economy will optimise the publicity opportunities associated with anti-fraud and corruption activity within the authority. Where appropriate, the results of any action taken, including prosecutions, will be reported in the media.
- Having sound internal control systems that still allow for innovation, but at the same time do not provide the opportunity for fraud and corruption.

## **6 Prevention / Managing the Risk of Fraud and Corruption**

6.1 The following internal control measures are in place to assist with the prevention of fraud:

- The Council's Monitoring Officer has a duty to report to the Council where it appears to her that any proposal, decision or omission by the Council, a committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.
- The Section 151 officer has a statutory responsibility under the Local Government Act 1972 to ensure the proper administration of the Council's financial affairs. The Accounts and Audit Regulations 2015 require the Councils to maintain a sound system of internal control.
- The Shared Leadership Team have a responsibility to ensure that internal controls, including those in a computerised environment are adequately designed and effectively operated.
- The Internal Audit Team reviews the adequacy of the Council's internal controls including those to prevent fraud. Internal Audit and the Council's Risk Management Strategy endeavour to provide appropriate advice to officers to ensure they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work. The Internal Audit Plan includes a programme of work based on key risk areas. This programme of work is not restricted solely to the investigation of detected fraud but inherently includes anti-fraud assurance work intended to deter and prevent fraud.
- Managers across the Council have an important role to play in the prevention of fraud and corruption. Managers need to understand the importance of soundly designed systems which meet key control objectives and minimise the opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk.

## **7 Combining with Others to Prevent and Fight Fraud**

7.1 The Councils are committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the General Data Protection Regulation and the Code of Practice for National Fraud Initiative Data Matching Exercises and includes providing information to other agencies for data matching purposes. Any employee found to be perpetrating fraud on another local or national agency is liable to face disciplinary action where this has implications for the Council's trust and confidence in the employee. In certain cases disciplinary action could lead to dismissal.

7.2 With the increase in recent years of frauds perpetrated against a variety of public bodies, which usually involve fraudsters having multiple identities and addresses, the necessity for liaison with other organisations has become paramount. Some of these include:

- Police Forces and Fraud Squads
- Other Local Authorities
- External Auditor
- Universities and Colleges
- Department for Works and Pensions
- National Anti Fraud Network

## **8 Detection and Reporting Concerns**

8.1 It is the responsibility of Directors / Assistant Directors, Service Leads and their teams to prevent and detect fraud and corruption.

8.2 However, despite the best efforts of officers and auditors, many frauds are discovered by chance or "tip-off". It is often the alertness of employees and the public that enables detection to occur.

8.3 Reporting suspected irregularities is essential to the Anti-Fraud, Bribery and Corruption Strategy and ensures:-

- consistent treatment of information regarding fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the proper implementation of a fraud response investigation plan;
- the optimum protection of the Councils interests.

8.4 The Fraud Response Plan provides a clear path for raising concerns and facilitating "tip-offs", and the fraud response arrangements to enable such information or allegations to be properly dealt with. The Councils Whistleblowing Policy also gives advice on how to raise a concern and the safeguards and support that are available to those who raise concerns.

## **9. Investigations**

9.1 Senior management are responsible for recording any allegation of fraud or corruption that they receive and are required to inform the Service Lead Audit and Risk of all suspected irregularities. The Service Lead Audit and Risk will liaise with the Corporate Governance Group to progress the investigation. This is to ensure that the matter is dealt with promptly and confidentially and that:

- all evidence that has been received is recorded;
- evidence is sound and adequately supported;
- all of the evidence that has been collected is secure, including electronic evidence;
- where appropriate, other agencies are contacted e.g. Police;
- when appropriate, to arrange for the notification of the Council's insurers;
- a report to senior management is issued and where appropriate, recommend that management take disciplinary action in accordance with the Council's Capability and Conduct Procedures, and make any necessary revisions to systems and procedures to ensure that similar frauds do not recur.

9.3 Depending on the nature and anticipated extent of the allegations, the investigation officer will normally work closely with management, HR, Legal etc., and other agencies, such as the Police. This is to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

9.4 The Council's External Auditor, Grant Thornton, also has powers to independently investigate fraud and corruption, and the Council can use this service too.

9.6 Where a fraud has occurred, management will need to take action to ensure that any control weaknesses which provided the opportunity for this to occur are addressed. Where appropriate, control weaknesses will be identified by the investigation. Any lessons learnt will be disseminated to all relevant sections.

## **10. Sanctions and Redress**

10.1 Where financial impropriety is discovered, whether perpetrated by officers, Members or organisations (e.g. suppliers, contractors, and service providers) the Council deal with, the presumption is that the Police will be called in. The Crown Prosecution Service determines whether or not a prosecution will be pursued. Referral to the Police is a matter for the Chief Executive, the Monitoring Officer and the Service Lead Audit and Risk.

10.2 Referral to the Police will not inhibit action under the Council's Capability and Conduct Procedures. Serious cases of fraud or corruption would represent gross misconduct and consequently the officer may be liable to dismissal.

10.3 The Chief Executive and the Monitoring Officer will advise on the course of action to be taken in relation to Members.

10.4 Suspected financial impropriety by any organisation the Council deals with will be the subject of an investigation. If proven, this could result, for

example, in the termination of an individual contract and may result in prosecution.

10.5 In proven cases of financial loss, the Council will seek to recover all such losses through whatever means it considers appropriate. If the fraudster is an employee, the loss may be recovered from any monies due to the individual on the termination of employment. In the event of the fraudster being a member of the Lancashire County Pension Fund, the Council may be able to recover the loss from the employee's accrued benefits in the Scheme.

10.6 In the event of the Council receiving a request for a reference in respect of an employee who has been dismissed as a result of a fraud/irregularity investigation, the Service Lead Transformation and Partnership should be contacted for guidance regarding the wording of any reference provided.

## 11. Responsibilities

FF&CL	CIPFA Managing the Risk of Fraud Principles	Responsibility
<b>GOVERN</b>	<b><i>Acknowledge the responsibility of the governing body for countering fraud and corruption</i></b>	
	The organisation's leaders acknowledge the threats of fraud and corruption, the harm they can cause and the potential for savings from managing the risk.	Shared Management Team / Elected Members
	The organisation's leaders acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the standards of good governance.	Shared Management Team / Elected Members
FF&CL	CIPFA Managing the Risk of Fraud Principles	Responsibility
<b>ACKNOWLEDGE</b>	<b><i>Identify Risks</i></b>	
	Fraud risks are routinely considered as part of the organisation's strategic risk management arrangements	Shared Management Team

	The organisation identifies the risks of corruption in its governance framework	Director of Governance
	The organisation uses estimates of fraud loss, and where appropriate measurement exercises, to quantify the harm that different fraud risks exposures	Director of Governance / Service Lead Audit and Risk
<b>PREVENT</b>	<b><i>Develop an appropriate counter fraud and corruption strategy</i></b>	
	The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals	Governance Committee
	The strategy includes consideration of all the pro-active and reactive components of a good practice response to fraud risk management	Director of Governance / Service Lead Audit and Risk
	The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Director of Governance / Service Lead Audit and Risk
	<b><i>Provide Resources</i></b>	
	An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk;	Shared Management Team
	The organisation utilises counter fraud staff with appropriate skills and professional accreditation	Internal Audit Service
	The organisation grants counter fraud staff unhindered access to its employees,	Internal Audit Service

	information and other resources as required	
	The organisation has protocols in place to facilitate data and intelligence sharing to support counter fraud activity	Director of Governance / Service Lead Audit and Risk
<b>PURSUE</b>	<b><i>Take action in response to fraud and corruption</i></b>	
	The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy	Director of Governance
	Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of improving resilience to fraud and corruption	Shared Management Team / Internal Audit Service
	There is a report to the governing body at least annually on performance against the Counter Fraud Strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report	Director of Governance / Service Lead Audit and Risk / Governance Committee
	The governing body receives a report at least annually on the impact and cost effectiveness of its counter fraud activities	Governance Committee / Director of Governance / Service Lead Audit and Risk

## Appendix 1

### The Seven Principles of Public Life - the Nolan Committee on Standards in Public Life

#### Selflessness

Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

**Honesty and Integrity**

Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

**Objectivity**

Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

**Accountability**

Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

**Openness**

Members should be as open as possible about their actions and those of their Authority and should be prepared to give reasons for those actions.

**Personal Judgement**

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

**Respect for others**

Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the Authority's statutory officers and its other employees.

**Duty to uphold the law**

Members should uphold the law and on all occasions act in accordance with the trust that the public is entitled to place in them.

**Stewardship**

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

**Leadership**

Members should promote and support these principles by leadership and by example and should act in a way that secures or preserves public confidence.