



Anti-Fraud and Corruption Strategy 2022 – 2024

Anti-Fraud and Corruption Strategy

Foreward

The prevention and detection of fraud and corruption is a vital part of protecting resources used to deliver important Council services. The last few years, particularly over the pandemic period, have seen an increasing requirement for local government to administer various grant and other support schemes for local residents and businesses, and whilst these schemes are vital, they also provide new avenues for fraud and other abuses.

Any fraud or corrupt practice, however small, impacts directly on those services being provided by the Council, it is therefore essential that Council Members and Officers are aware of the risks, prevent and detect losses and take all necessary action to pursue perpetrators of fraudulent or corrupt acts.

The Council periodically reviews its arrangements to promote a strong counter fraud & corruption culture. This has resulted in a refresh of the Council's Anti-fraud & Corruption Strategy and associated Policies and these were considered by the Corporate Audit Committee on the 14th July 2022.

I am confident that the Council's approach in countering fraud and corruption is, and will continue to be, effective and sends a clear message that fraud and corruption will not be tolerated.

Mark Elliott, Chair Corporate Audit Committee

Introduction and Context

What is Fraud?

“Fraud is a form of dishonesty, involving false representation, failing to disclose information or it’s abuse of position, undertaken in order to gain or cause loss to another” and “Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it ¹”.

For the purpose of this strategy, fraud may also be defined as the use of deception with the intention of:

- **Corruption**- gaining an advantage, financial or otherwise, personally and for family or friends; or abuse of position – abusing the council’s resources for personal gain
- **Theft** – removal or misuse of funds, assets or cash causing a financial loss to the Council or,
- **False accounting** - dishonestly destroying, defacing, concealing, or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another.

Fraud costs the UK economy around £200 billion a year. The latest available figures from CIPFA estimate the annual financial loss to fraud in the UK public sector is around £40.3 billion, with £7.3 billion of this being in local government ².

Fraud therefore continues to pose a major financial threat to councils and any losses are magnified based on the severe financial constraints and challenges on council finances. Therefore, it is important to have the resilience and innovation within the council to ensure all staff, stakeholders and the public are aware of the fraud prevention threats and solutions to the ongoing fraud challenge, to enable strong defences against fraud to be maintained.

The services provided by a Unitary Council are varied and of significant financial value and volume and therefore the risk is high. The main conditions that are commonly found when fraud occurs are: -

- Incentive / pressure
- Opportunity
- Attitude / rationalism

In summary, the Council controls millions of pounds of assets and therefore employees, Members and Council partners need to be vigilant to the risk of fraud and corruption in everyday business.

Protecting the Council

We have a duty to protect the public purse and the council’s assets, and the aim of the Strategy is to maintain and improve prevention, detection, awareness and response to fraud

¹ Fraud Act 2006 (<http://www.legislation.gov.uk/ukpga/2006/35/contents>)

² CIPFA Fraud and Corruption Tracker (<https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fraud-and-corruption-tracker>)

and corruption. We wish to build on the organisational culture in the fight against fraud and corruption by raising awareness and encouraging staff to report any issue or suspicion of malpractice at the earliest stage.

Fraud and Corruption amounts to unnecessary cost which the council would prefer to avoid. Finding fraud and corruption early will allow the council to deal with the issue in an efficient and effective manner.

The Council will take all appropriate action to prevent fraud and corruption and respond when cases of attempted or committed fraud are identified. The Council will always seek to reduce any such risk of fraud.

Zero Tolerance

Bath & North East Somerset Council is determined to pursue a strategy of bringing to account those involved in fraud and corruption through its robust HR Policies. It applies a Zero tolerance approach in relation to Fraud and Corruption. By providing guidance and maximising awareness it will help instil zero tolerance attitudes to fraud and corruption, meaning that staff, contractors, partners and volunteers neither have the motivation nor the opportunity to commit fraud.

In certain types of investigation, the Council may (where necessary) apply for authorisation to complete covert surveillance under the Regulatory Investigations Powers Act (RIPA). For internal fraud, disciplinary action may be taken. In addition to this, where appropriate, the case may be referred to the Police for criminal investigation and sanction and/ or the National Investigation Service (NATIS).

Links to the Council's Corporate Strategy

Within the Council's Corporate Strategy 2020-2024 there is one overriding purpose to 'Improve People's lives. The golden thread running through from this overriding purpose, through to the two core policies (tackling the climate and ecological emergency and giving people a bigger say), and the three principles (prepare for the future, deliver for local residents and focus on prevention) is so reliant on the need to protect the assets and resources of the Council. It's therefore so important to protect (prevent and detect) the Council from fraud and corruption.

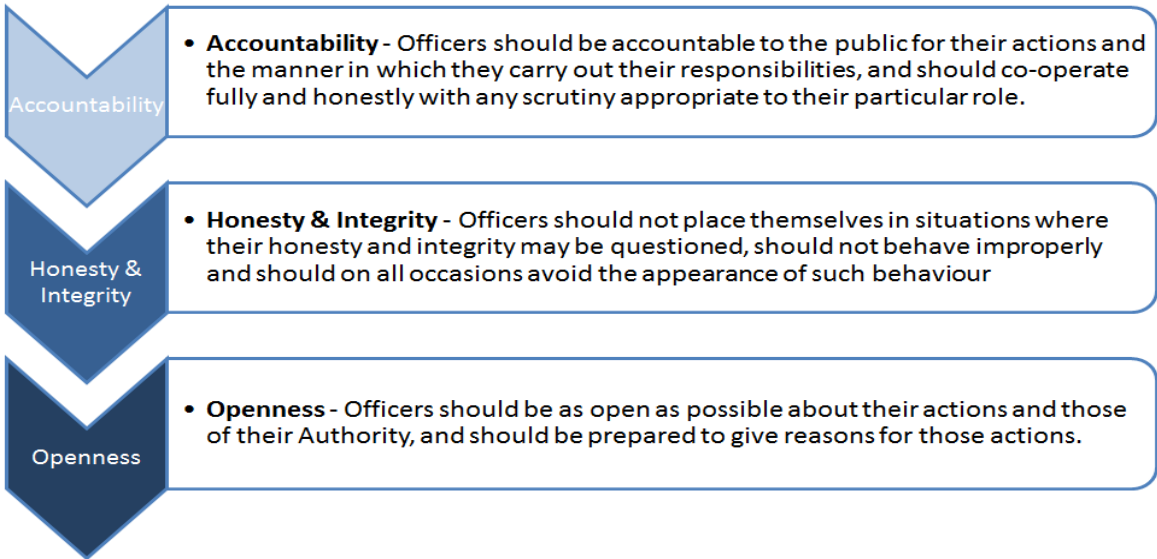
Creating an Anti-Fraud Culture

The best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation.

We promote the 'seven principles of public life' put forward by the Nolan Committee and expect all our staff and partners (including contractors), and councillors to be aware of and to follow principles, legal rules, procedures, and practices, to protect legitimate interests at all times. (Nolan Principles³).

Bath & North East Somerset Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the Council's Local Code of Corporate Governance.

³ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>



What Constitutes our Strategy

Scope - The Strategy applies to any individual undertaking Council specific activity, i.e.

- All employees whether full or part time, permanent or temporary
- Elected Members
- All staff working in Local Authority schools
- All contractors, agencies and partners working within the Council

The previous Anti-Fraud & Corruption Strategy (2019) was based upon three key themes: **Acknowledge, Prevent** and **Pursue**.

The Fighting Fraud and Corruption Locally 2020⁴ is the most recent updated counter fraud and corruption strategy for local government and builds upon the pillars of 'Acknowledge, Prevent and Pursue' and adds two more areas of activity, these being '**Govern**' and '**Protect**'. This 2022 strategy acknowledges and includes these new pillars in our objectives in order to ensure that the Council's approach to fraud continues to be in line with best practice.



⁴ CIFAS Fighting Fraud and Corruption Locally <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020>

Key Themes and Our Objectives

Our objectives within each theme are underpinned by the '6 Cs':

Culture – creating a culture in which beating fraud and corruption is part of daily business

Capability – ensuring that the range of counter fraud measures is appropriate to fraud risks

Capacity – deploying the right level of resources to deal with the level of fraud risk

Competence – having the right skills and standards

Communication – raising awareness, sharing information, and celebrating successes

Collaboration – working together internally and externally, with colleagues and other local authorities, and with other agencies: sharing resources, skills and learning, good practice and innovation, and information.



Govern

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.

Our objectives:

- Ensure strategies and policies exist which underpin the Council's approach to fraud
- Ensure senior managers are kept informed of fraud and investigation work, including through regular reporting to Statutory Officers and key updates to the s151 officer
- Provide regular updates to the Council's Audit Committee, including details of any financial irregularity investigations and internal audit reviews which identify exposure to fraud
- Provide training and information to staff, including through a mandatory online Fraud course for employees and regular awareness articles via the staff newsletter
- Members & employees are aware of the need to disclose gifts, hospitality & conflicts of interest and provide such information as required



Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Our objectives:

- Ensure on-going effectiveness and resilience of anti-fraud arrangements
- Ensure all senior staff and managers in key service areas are aware of and comply with the anti-fraud & corruption strategy and effectively disseminate guidance to officers
- Whistle Blowing Policy and referral system in place for internal and external reporting
- Contractors/ third parties informed of the strategy and procedures
- Provide resources for staff on the intranet to allow them to better understand and acknowledge fraud risks and how to respond accordingly



Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing an anti-fraud culture.

Our objectives:

- Maintain an effective internal audit function to assist the organisation in ensuring a robust framework of internal control
- Implement strong audit/ control procedures to respond to issues identified through investigation of irregularities.
- Provide guidance and training to staff, Councillors, and partners to identify and report attempted or actual fraud.
- Effective use of data matching and sharing e.g., participation in the National Fraud Initiative (NFI) and use of IDEA (data analytics tool).
- Publicise anti-fraud issues across the organisation, including NAFN fraud alerts received
- Recruitment vetting is maintained to highlight issues with potential employees.
- Continuously monitor the national picture to keep informed of emerging fraud risks.
- Continue to provide awareness sessions to staff working in areas of high fraud risk.



Pursue

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.

Our Objectives:

- Deliver financial benefits in terms of efficiency savings or increased revenue whilst utilising data analytics
- Investigate issues and weaknesses of instances of proven fraud and corruption
- Determine the appropriate action against fraudsters
- Effective sanctions including legal action where appropriate against anyone found guilty of committing fraud and corruption
- Scrutinise and feed back to relevant departments to ensure robust systems are in place for the future
- Reporting of all cases of fraud and corruption to the Audit Committee
- Instil effective methods for seeking recovery of money defrauded



Protect

Protecting against serious organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. Protecting public funds, protecting the organisation from fraud and protection from future frauds.

By ensuring that we meet the above objectives in the areas of Govern, Acknowledge, Prevent and Pursue, we will have the best possible chance of Protecting the Council and its residents.

Our Objectives:

- Protect public funds
- Protect vulnerable people in our local society
- Protect the council from fraud and cyber crime
- Protect against the possibility of future frauds

How to report Fraud and Corruption

The Council is committed to the highest ethical standards. High standards of corporate and personal conduct are essential and explicitly stated through the Council's Employee Code of Conduct, the Code of Conduct for Members and Co-Opted Members, and HR policies.

Policy and guidance are maintained which contains full details on how any concerns can be reported. These are available on the Council's internet site and are as follows:

- Whistleblowing Policy
- Anti-Money Laundering Policy and Guidance
- Anti-Bribery and Corruption Policy
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To submit concerns use the Council's online 'Report-It' form

[Whistle Blowing Report Form](#) or email Audit_West@bathnes.gov.uk.

DO	DON'T
<p><u>Make a note of your concerns</u></p> <ul style="list-style-type: none"> • Write down the nature of your concerns • Make a note of all the relevant details, such as what is said over the telephone or any other conversations • Note the names and, if known, the position of those involved • Notes do not need to be overly formal, but should be timed, signed, and dated • Notes should be held in a secure place • Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted, and the case being weakened • Note the date and time when the suspicion was reported onwards 	<p><u>Don't be afraid of raising your concerns</u></p> <ul style="list-style-type: none"> • The Public Interest Disclosure Act provides protection to employees who raise reasonably held concerns through the appropriate channels. • The Council's Confidential Reporting Codes provides guidance on how to do this. • You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially. • The Public can report concerns in confidence to the Internal Audit Team Audit West through the online portal and/ or email.
<p><u>Report your concerns promptly</u></p> <ul style="list-style-type: none"> • In the first instance, for internal fraud report your suspicions to your line manager. If this action is inappropriate further guidance on disclosure can be found in the Confidential Reporting Code. • If you are unsure who to report to, contact the Internal Audit team for advice. • All concerns must be reported to the Head of Audit and Assurance • External fraud concerns should also be reported to the Internal Audit Team 	<p><u>Don't convey your concerns to anyone other than authorised persons</u></p> <ul style="list-style-type: none"> • There may be a perfectly reasonable explanation for the events that give rise to your suspicions. Spreading unnecessary concerns may harm innocent persons and the reputation of the Council. • Don't discuss your suspicions with anyone other than the officer you formally raised the issue with. • Don't report the matter to the police unless you have been authorised to do so by audit.
<p><u>Retain any evidence you may have</u></p> <ul style="list-style-type: none"> • The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective action. • Retain and keep all relevant records/evidence that may have been handed over or discovered as a result of the initial suspicion in a secure and confidential location. 	<p><u>Do not approach the person you suspect or try and investigate the matter yourself</u></p> <ul style="list-style-type: none"> • There are special rules relating to the gathering of evidence for use in criminal cases and to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken. • Don't interfere with any documentary or electronic evidence • Don't attempt to interview or question anyone unless authorised to do so.