Anti-Fraud and Corruption Strategy

2025

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Introduction and Context

What is Fraud?

The Fraud Act 2006 provides one general offence of fraud which can be committed in three different ways:

(i) By false representation
(ii) By failing to disclose information
(iii) By abuse of position.
[1]

For the purpose of this strategy, fraud may also be classified 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 continues to pose a major financial threat to Local Authorities, with estimates from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggesting that every year in the UK, up to £49bn of public money is lost to fraud. Any losses are magnified based on the increasing constraints and challenges on finances.

To maintain strong defences against fraud, the Council must foster resilience and innovation, ensuring that all staff, stakeholders, and the public are aware of fraud prevention threats and solutions.

The services provided by a Unitary Authority 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 shown in the 'Fraud Triangle':

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

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 and corruption. We wish to further develop 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. Identification of fraud and corruption at an early stage 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 and North East Somerset Council applies a zero tolerance approach in relation to fraud and corruption and is determined to pursue a strategy of bringing to account those involved in fraud and corruption through its robust HR Policies. By providing guidance and maximising awareness it will help instil a zero tolerance attitude to fraud and corruption, meaning that staff, contractors, and volunteers neither have the motivation nor the opportunity to commit fraud.

Where internal fraud is identified, disciplinary action may be taken. In addition to this and where appropriate, cases may be referred to the Police for onward criminal investigation and sanction and/ or reported to Action Fraud and/ or the National Anti-Fraud Network.

Creating an Anti-Fraud Culture

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

The Council promotes the 'seven principles of public life' put forward by the Nolan Committee and expects all of its 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 Principles[2]).

Bath and 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.

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[2] https://www.gov.uk/government/publications/the-7-principles-of-public-life
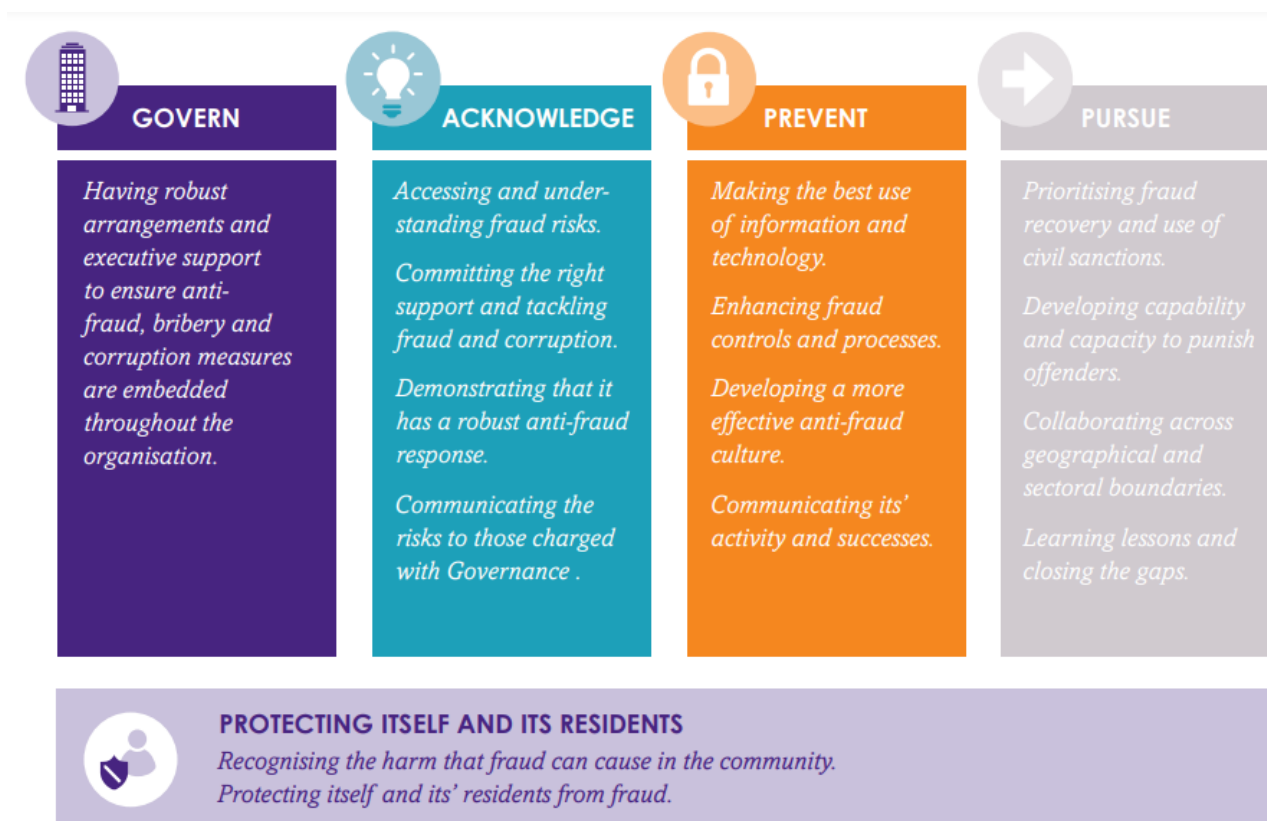
The Strategy

Scope - The strategy applies to any individual undertaking Council specific activity:

- 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 Fighting Fraud and Corruption Locally 2020 Strategy [3] is the most recent updated counter fraud and corruption strategy for local government. Supported by CIPFA, it is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities. The most recent strategy is based on input from 250 councils across England and builds on current good practice. It also makes recommendations for a more co-ordinated response to fighting fraud within local authorities on a local level.

Bath and North East Somerset Council's strategy includes the four principles (pillars) of activity that CIPFA recommend Local Authorities should concentrate efforts on. This ensures that the Council's approach to fraud continues to be in line with best practice.

GOVERN	ACKNOWLEDGE	PREVENT	PURSUE
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Accessing and under-standing fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those charged with Governance .	Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its' activity and successes.	Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical and sectoral boundaries. Learning lessons and closing the gaps.

PROTECTING ITSELF AND ITS RESIDENTS
Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

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[3] 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 Objectives

The Council's 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 resource to deal with the level of 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.

Our objectives for each theme are outlined below:

Govern

Having robust arrangements in place and executive support to ensure that anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

- ➤ Ensure strategies & 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 Audit Committee, including details of any fraud, 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 staff newsletters
- ➤ 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.

- ➤ 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 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 greater use of data, technology, enhancing of fraud controls and processes, and developing an anti-fraud culture.

➢ 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), use of IDEA (data analytics tool) and A.I.
➢ Publicise anti-fraud issues across the organisation, including NAFN fraud alerts.
➢ Recruitment vetting is maintained to highlight issues with potential employees.
➢ Continuously monitor the national picture to keep informed of new 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 sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive local enforcement response.

➢ Deliver financial benefits in terms of efficiency savings or increased revenue whilst utilising data analytics.
➢ Investigate issues and weaknesses of instances of proven fraud & 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.

➢ 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 include:

- Whistleblowing Policy
- Anti-Money Laundering Policy and Guidance
- Anti-Bribery and Corruption Policy

If in doubt or to make an anonymous report, use the Council's online form or email Tariq Rahman, Head of Audit and Assurance, or One West.

DO	DON'T
Make a note of your concerns • 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	**Don't be afraid of raising your concerns** • 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.
Report your concerns promptly • 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	**Don't convey your concerns to anyone other than authorised persons** • 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.
Retain any evidence you may have • 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.	**Do not approach the person you suspect or try and investigate the matter yourself** • 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.