



ANTI FRAUD, BRIBERY AND CORRUPTION STRATEGY

2021-2024

DATE POLICY IN FORCE - Version	DEPARTMENT	REVIEW
January 2018	Revenues & Benefits	July 2021

1. Introduction

- 1.1 New Forest District Council recognises that public trust and confidence in the way it conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards. Public confidence will be weakened if fraud, bribery or corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.
- 1.2 It is acknowledged that even with strong preventative measures, motivated fraudsters will still succeed so we must have a robust enforcement response to pursue fraudsters and to deter others.
- 1.3 To help local government recognise and address their fraud risks, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced “Fighting Fraud & Corruption Locally -The Local Government Counter Fraud and Corruption Strategy 2016-2019” and a “Code of Practice on Managing the Risk of Fraud and Corruption”. This strategy has been constructed utilising this central guidance.
- 1.4 **The Council is committed to the fight against fraud, bribery and corruption and will not tolerate these acts in the administration of its responsibilities, whether from inside or outside the Council. It will deal openly and forcefully with anyone who acts dishonestly.**

Definitions

Fraud is: “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”

As a crime ‘Fraud’ is defined by the Fraud Act 2006 as:

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

In addition, the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business and obtaining services dishonestly, either personally or for another.

Corruption is the deliberate misuse of your position for direct or indirect person gain. Corruption includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for senior officers to be convicted here they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

Bribery (as summarised from the offences set out in the Bribery Act 2010)

Bribing another person:

The offering, promising or giving of a reward to induce a person to perform a relevant function or activity improperly. It is also an offence when the person making the bribe knows or believes that the acceptance of the reward offered, promised or given, in itself constitutes the improper performance of a relevant function or activity.

Being bribed:

The accepting of, agreeing to accept or requesting of a reward in return for improperly performing a relevant activity.

Bribing a foreign public official:

This is a specific offence of directly or indirectly offering or promising or giving a bribe to a foreign public official with the intention of influencing the actions of the foreign public official in order to obtain or retain business (or an advantage in the conduct of business) in a situation where the public official was not permitted or required by law to be influenced.

Failure to prevent bribery:

This – the 'corporate offence' – occurs when an organisation fails to stop people who are operating on its behalf from being involved in bribery. A relevant commercial organisation is guilty of an offence if any person associated with it bribes another person, intending to obtain or retain business or an advantage in the conduct of a business for the commercial organisation. The Act includes a defence if the organisation can demonstrate on the balance of probability that despite a particular case of bribery, it nevertheless had adequate procedures in place to prevent the bribe. This Strategy, the Codes of Conduct for staff and members and the Whistleblowing Policy are designed to meet that requirement.

2. Responsibilities

- 2.1 The Council expects the highest standards of conduct and integrity from all who deals with it and everyone has a duty to assist the Council in the fight against fraud, bribery or corruption.
- 2.2 The Section 151 Officer has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs. Therefore leadership for the delivery of the Anti-Fraud, Bribery and Corruption Strategy resides with the Head of Finance as the Council's Section 151 Officer.
- 2.3 Managers are responsible for maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended. They should identify the risks to systems and procedures and ensure all suspected or reported irregularities are dealt with promptly.

- 2.4 All staff are responsible for their own conduct and are required to comply with Council policies and procedures. They must act properly in the use of Council resources and consider whether they should raise a concern under the Whistleblowing Policy if there is reason to believe there has been fraud, bribery or corrupt activity within the Council.
- 2.5 Any information concerning suspected fraud, bribery or corruption involving an Elected Member will be referred to the Monitoring Officer, who will decide upon the most appropriate method of investigation.

3. Approach to Countering Fraud

- 3.1 New Forest District Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk. Therefore, we will complete work in each of the following areas:
- 3.2 **Acknowledge:** The Council will promote and develop a strong Counter-fraud culture, raise awareness and provide information on all aspects of counter fraud. This includes dedicated fraud web pages and a fraud e-learning tool. Fraud referrals will be thoroughly investigated and the recovery of any losses due to fraud will be sought.

Acknowledge
<ul style="list-style-type: none"> • Assessing and understanding fraud risks • Committing support and resource to tackling fraud • Maintaining a robust anti-fraud response

- 3.3 **Prevention:** Prevention is often the most efficient way to ensure losses from fraud are kept to an absolute minimum. The ongoing development of the strategy will be based upon comprehensive assessments in all areas of council activity to reduce losses from fraud, bribery and corruption to an absolute minimum. This will include council wide assessments of fraud and corruption risks and identifying risk owners to then feed into the Corporate Fraud Risk Register. The Council will actively participate in relevant data matching opportunities, such as the National Fraud Initiative run by the Cabinet Office and proactively seek opportunities to improve.

Prevent
<ul style="list-style-type: none"> • Developing a more effective anti-fraud culture • Making use of information and technology • Enhancing fraud controls and reviewing processes

- 3.4 **Pursue:** The Council maintains a log of all fraud referrals and this log helps to establish areas within the Council that are most vulnerable to the risk of fraud. The Council will look at all allegations of fraud or corruption and use the appropriate

skills to investigate any allegations when appropriate. The Council will actively use sanctions available, prioritise fraud recovery and publicise results.

Pursue
<ul style="list-style-type: none">• Taking robust action when fraud or corruption is identified• Prioritising fraud recovery and the use of civil actions• Collaborating across local authorities and with law enforcement & publicise results

These principles are reinforced by ensuring the Council acknowledges the threat of fraud through appropriate risk assessments and creates a greater emphasis on prevention and the recovery of any losses. A robust enforcement response will be used to pursue fraudsters and deter others. The Council will actively work with relevant partners when required.

The Council relies on employees, Councillors and the public to be alert to fraud and to report any suspicions of fraud or corruption.

3.5 Investigation: Any information concerning suspected fraud, bribery or corruption involving employees, customers, clients or contractors will be examined by the Corporate Fraud Officer and an investigation may be carried out where necessary. When information relating to potential fraud, bribery or corruption is obtained, it will be reviewed and subject to a risk assessment.

Not all referrals warrant an investigation, some may require a full investigation whilst others may be better dealt with as management issues. Where necessary the Council will ensure that all allegations are properly investigated and any evidence that needs to be obtained will be done in accordance with any relevant legislative requirements.

3.6 Sanctions: All sanction decisions will be consistent, balanced and fair and relate to the degree and nature of the offence. In coming to any decision many factors will be taken into account including the seriousness of the offence, the value of any overpayment, the length of the fraud, the vulnerability of the individual, and the health and age of the individual.

There are a number of sanctions available to the Council and can include prosecution, administration penalties, civil penalties, warnings and disciplinary action.

4 Specific Areas of Fraud Risk

4.1 Local authorities are susceptible to a wide range of fraud risks including for example:

4.2 Internal Fraud

Types of employee fraud are wide-ranging, from the manipulation of financial and payroll systems, fraudulent claims for allowances and expenses to the misuse of time, resources or goods including failure to declare conflict of interests or the

acceptance of gifts (above a de minimus value) and hospitality. It also includes staff pre-employment fraud, where false information is given in order to gain employment.

Defences against employee and internal fraud are to ensure proper and adequate vetting and include a strong management-led anti-fraud culture to deter employees from committing fraud in the first place.

4.3 **Housing**

Housing fraud can include submitting an application for housing that contains false or misleading information, false applications for succession, key selling, unlawful subletting or non-residency and fraudulent applications under the right to buy scheme.

Defences against this type of fraud are to ensure applications are thoroughly verified, to ensure sufficient identity checks are undertaken, visits, and to complete periodic tenancy audits.

4.4 **Council Tax Fraud**

Council tax fraud occurs when an individual intentionally gives incorrect or misleading information in order to pay less or no council tax.

Defences against this type of fraud are to ensure applications are thoroughly verified, undertake site visits and to complete periodic reviews and data matching.

4.5 **Council Tax Reduction Scheme**

In April 2013 local authorities introduced the first of their own council tax support schemes which provide those on low incomes with a reduction on their council tax.

Council tax reduction scheme fraud can start from the outset if a person making an application for council tax reduction provides false information or deliberately withholds relevant information required to assess a claim for a reduction. Fraud can also happen after the claim has been made where an individual does not inform the Council of a change of circumstance that may affect their entitlement to a reduction.

Defences against this type of fraud are to ensure applications are thoroughly verified with supporting evidence and to complete periodic reviews and data matching.

4.6 **National Non Domestic Rates (NNDR)**

Non domestic rates are also known as business rates. Areas of risk for fraud and evasion in this area can include: empty properties, rates exemptions and ineligible reliefs and discounts claimed. Under business rates retention arrangements introduced in April 2013 the local authority, county council and fire department get to keep a proportion of business rates paid locally.

Defences against this type of fraud are to ensure thorough checks on applications are undertaken, use internal information held, data matching where appropriate and site visits.

4.7 **Housing Benefit**

The council has a duty to administer Housing Benefits to those who qualify, however Housing Benefit fraud can occur if claimants are not truthful in their applications. Fraud can start from the outset if a person making an application for Housing Benefit provides false information or deliberately withholds relevant information required. Fraud can also happen after the claim has been made where an individual does not inform the Council of a change of circumstance that may affect their entitlement to a reduction.

For example this can occur if they do not declare all of their income, property or capital. Or can occur if a claimant does not declare their partner or all those resident in their household.

Defences of this type of fraud are to ensure applications are thoroughly verified with supporting evidence, utilise internal information held, visits, reviews, and complete data matching exercises.

4.8 **Procurement**

Procurement relates to the purchasing of goods and services. It can be complex and can also encompass a range of areas spanning the whole period from agreeing to a project to contract monitoring, extensions and re-letting.

Procurement fraud is a deliberate deception intended to influence any stage of the procure-to-pay lifecycle in order to make a financial gain or cause a loss.

Procurement fraud is particularly complex, hidden and difficult to detect and measure. It can be perpetrated by those inside or outside an organisation and is rarely reported.

Defences against this type of fraud can be by way of contract monitoring, ensuring sufficient segregation of duties, adhering to procurement rules (such as the Council's own Contract Standing Orders) and contract payment certificate checks, including the completion of a final accounts audit.

4.9 **Grants**

A grant is an award of financial assistance paid to eligible recipients for a specified purpose. There are different types of public sector grants paid out to individuals, businesses, charities and not-for-profit organisations.

Defences against this type of fraud are to ensure thorough checks on applications are undertaken, ensure processes in place are adhered to and where applicable authorisation is sought from the relevant persons and or panel.

5 Further Information

5.1 Further information can be found in the following documents.

- The Constitution
- Codes of Conduct
- Whistle Blowing Policy
- Gifts and Hospitality
- Money Laundering Policy
- ICT Security policy
- Council Tax Support Scheme Prosecutions and Penalties Policy

TRAINING / CONTINUING AWARENESS

We recognise that the success of the Anti-fraud, Bribery and Corruption Strategy will, to a degree, depend on the effectiveness of programmed training and continuing awareness of people throughout the Council and of facilitating people's ability to be responsive regarding fraud and bribery issues.

To facilitate the raising of awareness of this Strategy, the Council supports the concept of induction training for all Members and officers of the Council. Support is also given to any awareness training that is subsequently deemed to be required with a view to ensuring everyone is aware of their responsibilities and duties regarding fraud and bribery and that such responsibilities and duties are reinforced from time to time. To this end consideration will be given to the most effective ways of increasing Member and employee awareness of this policy and their associated responsibilities in complying with it, including any e-learning training / awareness packages that may be available to the Council.

Conclusions

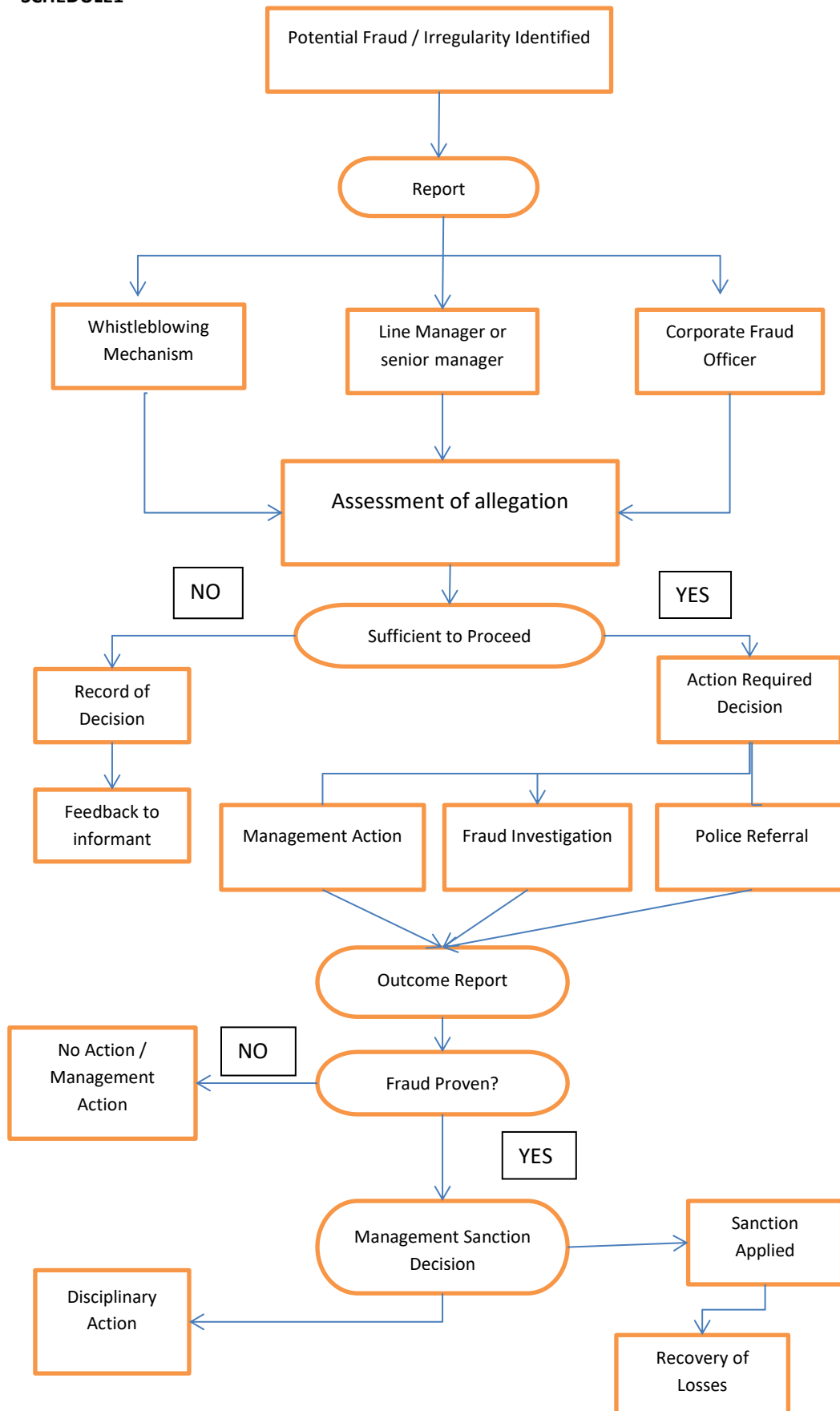
We have in place a robust network of systems and procedures to assist it in the fight against fraud, corruption and bribery. It is determined that these arrangements will keep pace with any future developments, in both preventative and detective techniques regarding fraudulent acts or bribes that may affect Council operations or related responsibilities. To this end, the Council will maintain a continuous overview of such arrangements.

This Strategy provides a comprehensive framework for dealing with fraudulent acts, bribes and other wrongdoing against the Council or which could adversely impact on the Council. It is imperative that managers put in place arrangements for disseminating the Strategy and promoting fraud awareness, throughout their service areas.

5.2 Schedule 1 provides employees with a flow chart to follow from the outset of an irregularity, through to the eventual actions and decisions required of management.

Schedule 2 highlights the responsibilities of those who work for and with the Council.

SCHEDULE1



SCHEDULE 2

The primary responsibility for the prevention and detection of fraud, bribery and corruption rests with management. However we are all responsible for the implementation of this policy. In the context of this policy:

The Section 151 Officer has been designated with the statutory responsibilities as defined by s151 of the Local Government Act 1972. These responsibilities outline that every local authority in England & Wales should:

- make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs

The Section 151 Officer's role encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting and internal audit and ensuring the Authority's responsibility for ensuring proper administration of its financial affairs
- The proper exercise of a wide range of delegated powers both formal and informal
- The responsibility for managing the financial affairs of the local authority in all its dealings
- The recognition of the fiduciary responsibility owed to local taxpayers.

Monitoring Officer:

The Council's Monitoring Officer is a statutorily appointed officer who has duties, inter alia, under the probity and ethical framework concerning Elected Members.

If a Member is suspected of committing an act of Bribery or Fraud this should be immediately brought to the attention of the Monitoring Officer and Chief Executive. Any subsequent investigation will be carried out by the most appropriate Officer and could involve other agencies.

Managers are responsible for:

- Maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended
- Identifying the risks to systems and procedures
- Developing and maintaining effective controls to prevent and detect fraud, bribery and corruption
- Ensuring that controls are complied with
- Responding to suspected cases of fraud and dishonesty pertaining to users of services within their area.

You are responsible for:

- Your own conduct
- Contributing towards the maintenance of corporate standards
- Acting properly in the use of the Council's resources and in the handling and use of corporate funds
- Reporting a concern if you believe you have good reason for thinking that there has been fraud, bribery, corruption or dishonest dealing with the Council.

Internal Audit is responsible for:

- The independent appraisal of control systems and their operation

External Audit is responsible for:

- Reviewing the stewardship of public money
- Review the Council's arrangements for preventing and detecting fraud and irregularities within financial statements, and arrangements designed to limit the opportunity for bribery.

Each Councillor and Independent Member is responsible for:

- Their own conduct
- Contributing to the maintenance of corporate standards.