



**ANTI FRAUD, BRIBERY AND CORRUPTION  
STRATEGY**

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## **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 of governance. 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 In carrying out its functions and responsibilities, the Council wishes to promote a culture of openness and fairness and expect all those who work for and with the Council to adopt the highest standards of propriety and accountability.
- 1.3 It is acknowledged that even with strong preventative measures, motivated fraudsters may still succeed so we must have a robust enforcement response to pursue fraudsters and to deter others.
- 1.4 To help local authorities recognise and address their fraud risks, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced "Fighting Fraud & Corruption Locally (FFCL) – 2020's Strategy and a "Code of Practice on Managing the Risk of Fraud and Corruption". This strategy has been constructed utilising this central guidance.
- 1.5 The Council is committed to tackling 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 robustly with anyone who acts dishonestly.

## 2. Legislative and regulatory context

- 2.1 The Fraud Act 2006 is an Act to make provision for, and in connection with, criminal liability for fraud and obtaining services dishonestly. This Act defines three types of action which could constitute fraud, false representation, failing to disclose information and abuse of position.
- 2.2 The Bribery Act 2010 is an Act to make provision about offences relating to bribery and for connected purposes. There are four key offences under this Act, Bribery of another person, Accepting a bribe, Bribing a foreign public official and a Corporate offence of failing to prevent bribery.

## 3. 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.

The important point here is that it is the “intent” to make a gain or cause another to make a loss – whether a person is successful or not in their outcome is not important, for an offence to have been committed.

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

**Bribery** is giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

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:

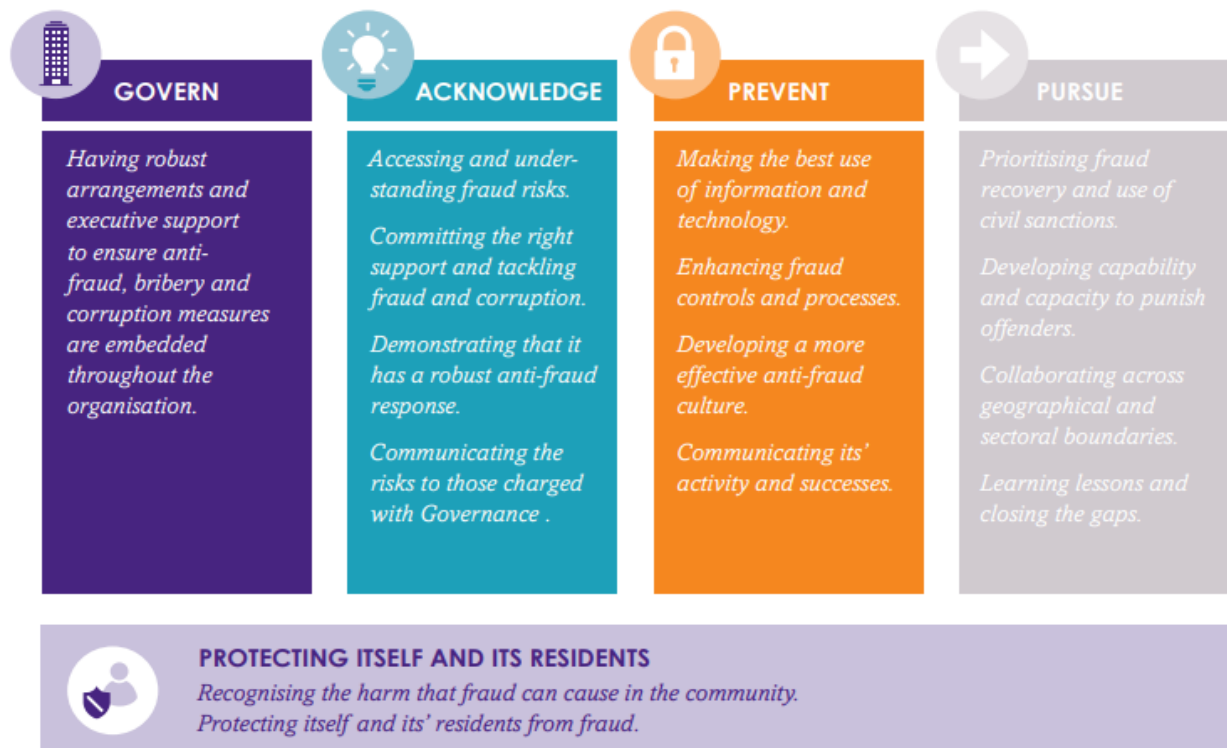
This – the 'corporate offence' – occurs when an organisation fails to stop people who are operating on its behalf from being involved in bribery. A relevant commercial organisation is guilty of an offence if any person associated with it bribes another person, intending to obtain or retain business or 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.

#### **4. Roles and responsibilities**

- 4.1 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 tackling fraud, bribery or corruption.
- 4.2 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 Strategic Director of Corporate Resources and Transformation as the Council's Section 151 Officer.
- 4.3 Service Managers are responsible for their own Fraud Risk Register which proactively look, in detail, at the Council's operational functions, and aim to identify potential areas where the risk of fraud or corruption is likely and to look at internal controls that are in place or could be put into place that would help minimise any potential risk of fraud. Service Managers will review their Risk Registers annually.
- 4.4 Managers are responsible for promoting fraud awareness and 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.
- 4.5 All employees 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.
- 4.6 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.

## 5. Approach to countering fraud

5.1 New Forest District Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk. Our strategy incorporates the best practice guidance for combatting fraud in Local Government based on Fighting Fraud and Corruption Locally Strategy 2020 and compliance with these measures will enable us to demonstrate effective control of public funds.



**Govern:** Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. The Council has a dedicated Fraud and Compliance Officer, and the Council will promote and develop a strong Counter-fraud culture, raise awareness and provide information on all aspects of counter fraud. This includes robust processes, dedicated fraud web pages, a new fraud e-learning tool and to ensure staff know how to report concerns and are aware of Whistleblowing and Money Laundering procedures.

**Acknowledge:** The Council acknowledges that no organisation is free from the risk of fraud but by having this strategy the Council is committed to tackling fraud and corruptions and that it has a robust

anti-fraud response. Assessing fraud risks is key to understanding how the Council may be at risk from fraud and what steps can be taken to mitigate these risks.

**Prevention:** Prevention is often the most efficient way to ensure losses from fraud are kept to an absolute minimum. 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 and to ensure we have the appropriate system and process controls in place.

The Council's Fraud Risk Register will be reviewed annually to ensure the Council has a robust approach to preventative work. These registers aim to review procedures and processes to identify risks, look at controls required to mitigate the risks and to consider the harm or consequence caused if the Council is exposed to fraud or corruption.

The Council will actively participate in relevant data matching opportunities, such as the National Fraud Initiative (NFI) run by the Cabinet Office. The exercise allows the comparison of various data sets against other data sources to help detect fraud and error in areas such as the housing register, council tax, housing benefit, payroll and creditors. The main NFI data matching exercise currently occurs over a two-year cycle and a supplementary exercise takes place yearly in relation to the Electoral Register and Council Tax Single Person Discounts.

The Council will ensure employees provide adequate proof of identity and permission to work in the UK. Employees are appointed subject to satisfactory references and care is to be taken to ensure that employment references and qualifications are genuine.

Where appropriate, teams will work together to share information and good practice to detect and mitigate fraud.

**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, whilst actively working with partners, to investigate any allegations when appropriate. The Council will actively use sanctions available, prioritise fraud recovery and publicise results.



**Protect:** The Council needs to protect public funds and protect itself against serious and organised crime. This can be done by partaking in activities such as the National Fraud Initiative data match which looks at certain data held by the Council and other Local Authorities. The Council is part of the Hampshire wide Fraud Group which communicate new frauds arising. The council will assist in protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community, which may be by means of New Forest resident emails or posts on Social Media alerting the community to new or emerging risks.

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.

## **6. Reporting potential fraud**

- 6.1 The Council relies on employees, Councillors and the public to be alert to fraud and to report any suspicions of fraud or corruption. The Council has dedicated Web pages with details on how to report fraud, this can be done anonymously via an E-Form or by calling the Fraud Hotline on 0800 854 440 or emailing [fraud@nfdc.gov.uk](mailto:fraud@nfdc.gov.uk). All reports will be logged and treated with confidence.

## **7. Investigations**

- 7.1 Any information concerning suspected fraud, bribery or corruption involving employees, customers, clients or contractors will be examined by the Corporate Fraud and Compliance Officer and an investigation may be carried out where necessary. Confidentiality will be maintained throughout the investigation with information shared where circumstances and the law allows.
- 7.2 Not all referrals warrant an investigation, but some may require a full investigation whilst others may be better dealt with as management issues with Human Resources using the Council's internal disciplinary procedures. Where necessary the Council will ensure that all allegations are properly investigated, documented and any evidence that needs to be obtained will be done in accordance with any relevant legislative requirements.

## **8. Sanctions**

- 8.1 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.
- 8.2 There are a number of sanctions available to the Council and can include prosecution, administration penalties, civil penalties, warnings and disciplinary action. Further details can be found in specific policies, such as the Council Tax Support Scheme Prosecutions and Penalties Policy.

## **9. Specific areas of fraud risk**

- 9.1 The Council is susceptible to a wide range of fraud risks including:

### **9.1.1 Internal Fraud**

9.1.2 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 and hospitality. It also includes staff pre-employment fraud, where false information is given in order to gain employment.

9.1.3 Internal Fraud may also include the misuse of ICT equipment for personal gain, for example using data for personal use, inappropriate use of IT systems or the theft of equipment.

9.1.4 Defences against employee and internal fraud are to ensure proper and adequate vetting, providing evidence of expenses, inventory of IT equipment, and include a strong management-led anti-fraud culture to deter employees from committing fraud in the first place.

### **9.2 Housing**

9.2.1 Housing fraud can include subletting a social rented dwelling, subletting without consent, ceasing to occupy a property as a primary residence, providing false information when applying for housing, and illegally applying to succeed a tenancy after a tenant's death.

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

### **9.3 Council Tax Fraud**

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

9.3.2 Defences against this type of fraud are to ensure applications are thoroughly verified and evidence provided, to undertake site visits, utilise NFI data, reviewing data held by teams, such as Benefits and Electoral Services, and to complete periodic data matching and reviews.

### **9.4 Council Tax Reduction Scheme**

9.4.1 The Council operates a council tax support schemes to support those on low incomes with a reduction on their council tax bill.

9.4.2 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.

9.4.3 Defences against this type of fraud are to ensure applications are thoroughly verified with supporting evidence, utilising DWP/HMRC data on earnings and state benefits, and to complete periodic data matching, such as National Fraud Initiative, and reviews when in contact with claimants, for example when reporting a change in circumstances or querying their entitlement, and council tax records.

### **9.5 National Non-Domestic Rates (NNDR)**

9.5.1 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 discount applications. Under business rates retention arrangements the

Council, County Council and Fire and Rescue Service get to keep a proportion of business rates paid locally.

9.5.2 Defences against this type of fraud are to ensure thorough checks on applications are undertaken, use internal information held, data matching where appropriate, use of third party data to find properties that are not rated, reviews where reliefs are awarded and site visits.

## **9.6 Universal Credit and Housing Benefit**

9.6.1 The council has a duty to administer Housing Benefit to those who qualify, however fraud can occur if claimants are not truthful in their applications. The Council will work jointly with the Department for Works & Pensions (DWP) in relation to Housing Benefit claims and Universal Credit claims with a Council Tax Reduction. This will involve a joint investigation if a fraudulent activity is suspected.

9.6.2 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 or DWP of a change of circumstance that may affect their entitlement.

9.6.3 Defences of this type of fraud are to ensure applications are thoroughly verified with supporting evidence (for example evidence of rent and bank statements), use internal information held, utilising data held by the DWP/HMRC, complete data matching exercises, such as NFI and completion of targeted full case reviews.

## **9.7 Procurement**

9.7.1 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.

9.7.2 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.

9.7.3 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.

9.7.4 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.

9.7.5 All requests to add a new supplier to the finance system must have Service Manager approval and be subject to a check by the Procurement team before being set up.

9.7.6 The Procurement team provide all Senior/Service Managers with detailed spend analysis reports three times per year on a per-supplier basis, in respect of their areas of responsibility.

9.7.7 The Audit service have a standing 'Accounts Payable' item included within the annual audit plan and cover workflow testing as part of their annual coverage.

## **9.8 Grants**

9.8.1 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.

9.8.2 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.

## **10. Further information**

10.1 This policy is supported by a range of other policies, including:

- The Constitution
- Codes of Conduct
- Contract Standing Orders
- Whistle Blowing Policy
- Money Laundering Policy
- ICT Security and Information Governance Policy

- Council Tax Support Scheme Prosecutions and Penalties Policy
- Allocations Policy
- NFDC Financial Regulations

## **11. Training and continuing awareness**

- 11.1 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.
- 11.2 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. The Council has a new Learning Management System LMS with a specific Fraud Prevention e-learning package which all staff will be required to complete every 2 years.
- 11.3 Where this is an occurrence of fraud, this will be communicated to teams who will discuss the incident and consider any learning that can be taken and action if appropriate.

## **12. Conclusions**

- 12.1 The Council has 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.
- 12.2 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.
- 12.3 Appendix 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.

## **13. Review**

- 13.1 This policy will be reviewed every 3 years.

## Appendix 1 – Fraud investigation process

