



Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Anti-Fraud and Corruption Policy

Audit & Governance

Update: April 2023 (v4.0)

1. Introduction

Fraud and Corruption

According to the Fraud Act 2006, fraud can be committed in the following three ways:

A. *Fraud By False Representation*: A person commits an offence when they dishonestly make a false representation, and intends, by making the representation to:

- make a gain for themselves or another, or
- cause loss to another person or expose another to a risk of loss.

A representation is false if:

- it is untrue or misleading, and
- the person making it knows that it is, or might be, untrue or misleading.

B. *Fraud By Failing to Disclose Information*: An offence is committed where a person dishonestly fails to disclose to another person information, which he is under a legal duty to disclose, and intends, by failing to disclose the information to:

- make a gain for himself or another, or
- cause loss to another or to expose another to a risk of loss.

C. *Fraud By Abuse of Position*: An offence is committed where a person occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to:

- make a gain for himself or another, or
- cause loss to another, or to expose another to a risk of loss.

The term fraud is generally used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusions.

The Bribery Act 2010 was introduced to update and enhance UK law on bribery. This Anti-Fraud and Corruption Policy, hereinafter called “the Policy” covers all financial impropriety including theft or corruption

The Council, through this policy demonstrates its zero tolerance of fraud and its determination to deal equally with perpetrators from inside (members and employees) and outside the Council.

The policy outlines measures designed to frustrate attempted fraud, theft, bribery or corruption and the steps that will be taken if such action occurs. It is separated into four areas:

- ☑ Culture
- ☑ Prevention/Deterrence
- ☑ Reporting, Detection and Investigation
- ☑ Training/Development

The Council also welcomes the high degree of external scrutiny of its affairs by a variety of external bodies. These bodies are important as they provide independent external challenge and highlight any areas where improvements to anti-fraud, anti-bribery and anti-corruption activities can be made.

2. Culture

The Council's co-operative values include openness and honesty which supports the Council's commitment to zero tolerance in respect to fraud, theft, bribery and corruption.

The prevention and detection of fraud and theft, bribery or corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the Council. The anti-fraud, bribery and corruption culture works alongside associated procedures to assist the Council in its management of the risk of fraud and corruption and are an integral part of its governance framework.

The Council has a wide range of interrelated policies and procedures that provide an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. These have been formulated in line with appropriate legislative requirements

Residents of the borough and any external individual or organisation are encouraged to report any suspected fraud, theft, bribery and corruption concerns through various reporting channels, safe in the knowledge that these concerns will be acted upon wherever possible.

The Council's members, employees, partners, volunteers and governors play an important role in creating and maintaining this anti-fraud culture. They are positively encouraged to raise concerns regarding fraud, theft, bribery and corruption, regardless of seniority, rank or status; confident in the knowledge that such concerns will be investigated and where possible be treated in confidence.

Suppliers/contractors to the Council also have roles to play in this process and should inform the Council if they feel that fraud, theft, bribery or corruption may have occurred.

The Council will take appropriate action against those who commit fraud, theft, and any other relevant offence against the Council. There is, of course, a need to ensure that any

investigation process is not misused, therefore, any abuse (such as employees / members raising malicious allegations) will also be dealt with appropriately.

When fraud, theft, bribery or corruption has occurred due to a breakdown in the Council's systems or procedures, senior managers will ensure that appropriate improvements in systems of control are implemented within a reasonable timeframe to prevent any re-occurrence.

3. Prevention & Deterrence

Telford & Wrekin Council recognizes that fraud, theft, irregularity, bribery and corruption can occur in any service in the authority and can be committed by numerous different sources such as (but not limited to):

- Members of the public
- Outside organisations, including cyber fraud risks
- Employees of the Council
- Organised crime groups

Telford & Wrekin Council has policies in place that help protect the authority against these risks and outline how the authority responds when an incident is identified. These policies include (but not limited to):

- Fraud Response Plan
- Speak Up (Whistleblowing) Policy
- Information Security Policy
- Cyber Response Policy
- Corporate Prosecution Policy
- Disciplinary Policy
- Anti-Money Laundering Policy
- Conflicts of Interests Policy
- Employee Code of Conduct
- Councillor Code of Conduct

Employees

The Chief Financial Officer (Director: Finance & Human Resources), also known as the Section 151 Officer (Local Government Act 1972) is responsible for:

- Ensuring that proper arrangements are in place to administer the Council's financial affairs.
- Ensuring the Council implements appropriate measures to prevent and detect fraud, bribery and corruption, and protect the Council's assets from fraud and loss.
- Ensuring there are appropriate arrangements and support in place for Internal Audit.
- The prevention of fraud, theft, bribery and corruption is an essential aspect of this.

Employees and their managers are responsible for ensuring that effective systems of internal controls exist within their areas of responsibility that help prevent and detect fraud, theft, irregularity, bribery and corruption. It is important that they test these controls regularly to confirm they operate effectively. They should also implement appropriate

controls into new/developed systems and new controls into existing systems to reduce the risk of fraud and theft occurring or recurring.

Managers at all levels are also responsible for managing the risk of fraud, theft, bribery and corruption through:

- ☑ Recruitment – following the Council’s recruitment policies and procedures and understanding that fraud can occur through the recruitment process – which can then become a gateway to further deception
- ☑ Their adherence to and promotion of the Council’s Values and the Employee Code of Conduct
- ☑ Providing awareness of the Council’s constitution, appropriate policies and procedures
- ☑ Being aware of the risks in their area and issuing regular reminders, updates and vigilance in respect to fraud, theft, bribery & corruption
- ☑ Encouraging staff to raise concerns as directed by the Speak Up (Whistleblowing) Policy and Fraud Response Plan
- ☑ Implement actions recommended by Internal Audit
- ☑ Implement recommendations detailed by the Investigation Team following an investigation conducted in their area
- ☑ Ensuring that the correct procurement procedures are adhered to when contracting services or purchasing goods and services
- ☑ Ensuring that there is effective role separation within relevant processes in their area
- ☑ Ensuring that any concerns of fraud, theft, bribery and corruption made by a member of the public, other outside individual or organisation or member of staff are passed to the Investigation Team.

Code of Conduct

The Code of Conduct for employees outlines the standards of behaviour that Telford & Wrekin, as a Cooperative Council, expects from employees. Elements of these standards feed into the prevention of fraud, theft, bribery and corruption.

All employees are expected to adhere to the Code of Conduct during their employment with Telford & Wrekin Council. Failure to adhere to the Code of Conduct can result in disciplinary action being taken against an employee.

All members and officers are expected to fully co-operate with whoever is conducting fraud, theft, bribery and corruption investigations, proactive checks or data matching exercises.

Conflicts of Interests

Both members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise particularly with planning and land issues, procurement (especially tendering) and recruitment. Effective role separation is essential to ensure decisions made are based upon impartial advice to maintain public confidence in the Council’s decision-making processes and avoid questions about improper disclosure of confidential information.

The Conflict of Interest Policy outlines employee's responsibilities in declaring any conflict between their personal life and their role with the Council. This responsibility to declare any conflict of interested is outlined for elected members in the Councillor Code of Conduct

Members

All members of the Council have a duty to the citizens of the borough to protect the Council and public money from any acts of fraud, bribery or corruption. This is achieved through conformity with the Anti-Fraud and Corruption Policy, compliance with the Code of Conduct for Members, following the Council's Constitution, relevant legislation and any other protocols and procedures adopted by the Council.

The Councillor Code of Conduct outlines the standards of behaviour that Telford & Wrekin, as a Cooperative Council, expects from members and elements of these standards feed into the prevention of fraud, theft, bribery and corruption.

Investigation Team

The Investigation Team are responsible for putting additional measures in place to help prevent the risk of fraud, theft, irregularity, bribery and corruption along with guards against the risks that organised crime poses to the Council. They also operate the fraud and whistleblowing hotline and reporting facilities which allows any concerns to be reported through a variety of channels. The team work closely with Internal Audit to mitigate the risks to the Council as well as providing support, advice and assistance to service areas on fraud, theft, irregularity, bribery and corruption prevention matters. This includes:

- ☑ Developing the fraud risk register
- ☑ Staff training - including induction training for all new starters
- ☑ Producing fraud alerts which are distributed to relevant services based on national and local intelligence
- ☑ Making recommendations to service areas to help guard against fraud risks
- ☑ Attending team meetings to provide guidance and help service areas understand risks in their area and across the Council as a whole
- ☑ Speaking to service areas during implementation of policies and procedures to provide anti-fraud guidance
- ☑ Offer help and advice to staff on all matters of fraud, theft, bribery, corruption and irregularity.

The team also support the Council's Money Laundering Reporting Officer (MLRO) in their role. Initial Suspicious Activity Reports are screened and interrogated by the team before being passed to the MLRO.

The Investigation Team works closely with Council's Infrastructure Security Specialist from the Information Data Technology (IDT) Team to help identify and tackle the risks from cyber fraud.

Internal Audit

Internal Audit plays a vital preventative role in ensuring that systems and procedures are in place to prevent and deter fraud, theft, bribery and corruption and has specific rights within the constitution. Internal Audit liaises with management to recommend changes in procedures to improve controls, reduce risks and prevent losses to the Authority.

Data Matching

The Council participates in a number of data matching exercises to help identify matters of fraud, theft, irregularity, bribery and corruption; most notably the National Fraud Initiative (NFI). In respect to both Revenues and Benefits services there are also regular external exercises undertaken and the use of real time information to enable data matches from the HRMC to be investigated. In addition, internal data matching exercises are undertaken at various times, for example matching council tax single person discount records with Electoral Role data. All exercises adhere to and are compliant with all relevant data protection legislation.

External Audit

External Audit is an essential safeguard of the stewardship of public money. External Auditors will continue to operate through a Code of Practice that is designed to test (amongst other things) the adequacy of the Council's financial systems, the arrangements for preventing/limiting the opportunity for fraud and the arrangements for the detection of fraud, theft, bribery and corruption. It is not the External Auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External Auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. Where External Audit is required to undertake an investigation, they will operate within legislation and their codes of conduct.

Other Agencies

Appropriate Council services have arranged (in compliance with the UK Data Protection Act 2018) the exchange of information on national and local fraud, theft, bribery and corruption activity with appropriate external agencies. These agencies include the Police and the Department for Work and Pensions.

4. Prevention Detection & Investigation

The Investigation Team, within Audit & Governance, investigates all reported cases of suspected financial irregularity, fraud, theft, irregularity, bribery or corruption against Telford & Wrekin Council, in accordance with agreed procedures. However, there are occasions where certain matters can be referred to the Police (This is detailed in the Fraud Response Plan).

The Fraud Response Plan details how any suspected matter of fraud, theft, irregularity, bribery and corruption can be reported, who it is reported to and how the authority responds to these referrals.

The Council's website provides information to the public on how they can report matters of fraud, theft, bribery and corruption to the authority and also provides information on how the authority can be subjected to such offences.

The Speak Up (Whistleblowing) Policy outlines what constitutes a whistleblowing referral, how such matters can be raised and how the authority will respond to whistleblowing referrals that are received.

Internal Audit plays an important role in the detection of fraud. Included in their annual audit plan are specific fraud tests, spot checks and unannounced visits. However it is often the vigilance of employees, partners, volunteers, members, governors, suppliers/contractors and the public that aids detection.

Prosecution and Recompense

The Fraud Response Plan and Corporate Prosecution Policy detail how the authority will seek to take further action against perpetrators of fraud, theft, bribery, corruption. This can include the Council deciding to use its power to prosecute in appropriate cases and or the use of other available sanctions.

Within the Revenues Service, the Council Tax Reduction Schemes (Detection of Fraud & Enforcement) (England) Regulations 2013 and Schedule 3 of the Local Government Finance Act 1992 outlines civil penalties that the Council can apply in cases where false or incorrect information is provided or there is a failure to provide information which leads to incorrect claims to Council Tax Support or an incorrect liability for council tax.

The Council will seek to recover any money or assets fraudulently/corruptly/incorrectly obtained from the Council. This is further detailed in the Fraud Response Plan.

Disciplinary and Other Action

Fraud, theft, bribery and corruption are serious offences against the Authority and employees will face disciplinary action if there is evidence that they have been involved in these activities, including any deception to obtain a council tax discount and/or exemption. Disciplinary action will be taken in addition to any criminal proceedings depending on the circumstances of each individual case.

Members will face appropriate action if there is evidence that they have been involved in theft, fraud, bribery and corruption against the Authority. Action will be taken in addition to any criminal proceedings, depending on the circumstances of each individual case. If the matter is a potential breach of the Code of Conduct for Members, then it will also be referred to the Council's Monitoring Officer.

Publicity

The Council's Corporate Communications Team will optimise the publicity opportunities associated with anti-fraud, anti-bribery and anti-corruption activity within the Council. Information will be publicised in respect of prosecutions and other appropriate cases as a deterrent.

Internally, where the Council can learn from incidents, the relevant points will be communicated to members and employees.

All anti-fraud, anti-bribery and anti-corruption activities, including the update of this policy will be publicised in order to make employees, members and the public aware of the Council's commitment to taking action on fraud, bribery and corruption, when it occurs.

5. Awareness & Training

The Council recognises that the continuing success of this policy and other supporting policies and its general credibility will depend in part on the effectiveness of training and awareness for employees, members and affected external parties. The principles of this policy are integrated into the officer and member's induction programme and incorporated in the Member Development programme. The Council also undertakes the following actions to fulfil the principles of this policy:

- ☑ New starters receive a face to face induction program which includes Investigation Team awareness.
- ☑ Online training courses are available for all staff on fraud, theft, bribery, cyber security/fraud and corruption along money laundering developed by the Investigation Team and IDT.
- ☑ The Investigation Team attend service area team meetings when a need is identified or when requested, to discuss prevention and detection of fraud, theft, bribery and corruption.
- ☑ The Investigation Team also provided specific training to services areas when the need arises.
- ☑ Regular fraud awareness through corporate communication and staff news is provided by the Investigation Team.
- ☑ Regular fraud/theft alerts are sent to affected service areas which helps increase staff awareness.
- ☑ Copies of the Anti-Fraud and Corruption Policy, the Fraud Response Plan the Whistleblowing Policy and any other relevant policy are available on the intranet.
- ☑ Specialist training for certain employees is provided by their service area due to their specific roles when requested.

6. Reporting and reviewing

This policy and the Anti-Fraud and Corruption Annual Report will be presented to the Audit Committee annually.

This policy will be reviewed as and when is necessary but as a minimum will be formally reviewed once every 2 years.

Document Version Control

Version	Date	Author	Sent to	Comments
2023 1.0	29/03/23	A.Hollis	Rob Montgomery	Format change and content in line with best practice / legislation
2023 2.0	4/04/23	A.Hollis	Debbie Brown (HR)	Changes made re R Montgomery comments
2023 3.0	24/04/23	A.Hollis	Sarah Harding (Legal Services)	Changes made re D Brown
2023 4.0 Final	24/04/23	A.Hollis	Corporate	Version includes all comments/changes