



LANCASTER CITY COUNCIL  
*Promoting City, Coast & Countryside*

# Anti-Fraud, Bribery and Corruption Policy

## Initial Draft

Version 0.07  
2<sup>nd</sup> February 2012

## Version Control

Document Title: **Anti-Fraud, Bribery and Corruption Policy**

Document Ref: **Audit\Jobs\Audits\100793 – Counter Crime**

Version: **0.06**

Date: **02 February 2012**

Status: **Draft**

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## Document History

Version	Reference / Date	Comments
0.01	07/09/10	
0.02	12/04/11	Updated to reflect guidance from the Ministry of Justice on the Bribery Act 2010
0.03	26/08/11	Expanded to combine key elements of Strategy and provide pointers to other significant documents
0.04	17/11/11	Updated to take account of MO comments
0.05	20/12/11	Re-draft to combine Policy and Strategy documents
0.06	23/01/12	Re-draft of Definitions Section
0.07	01/02/12	Revision of definitions and commitment following consultation with Management Team

## LANCASTER CITY COUNCIL

### ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY – DRAFT

#### 1 Definitions

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines **Fraud** as the

*“intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain.”*

The Fraud Act 2006 further defines fraud in three classes:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

1.2 The Theft Act 1968 defines **Theft** as

*“a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”*

1.3 CIPFA defines **Corruption** as the

*“offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.”*

1.4 CIPFA defines **Bribery** as

*“an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.”*

1.5 This policy covers all the above and the Council acknowledges and will be vigilant to the fact that that, within these definitions, fraud, theft, bribery and corruption can take many diverse forms.

1.6 This policy is concerned with:

- Acts committed against the Council by individuals or organisations<sup>1</sup>;
- Acts committed by the Council’s employees, elected Members or contractors in the course of their duties (guidance on issues arising from the private and personal activities of employees which may impinge on the performance of their duties or risk bringing discredit to the Council is contained in section 3 of the Employees Code of Conduct).

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<sup>1</sup> Due to their special nature and regulatory framework, the Council has separate, specific policies and procedures relating to Council Tax and Housing Benefits fraud

## **2 Scope of the Policy**

- 2.1 This Policy applies to all employees, contractors and elected Members of the Council and places expectations on the Council's partners and all individuals and organisations providing services for the Council.
- 2.2 This Policy sits alongside and is supported by the following Council documents:
- Fraud Response Plan (currently being re-drafted)
  - Whistle-Blowing Policy
  - Anti-Money Laundering Policy
  - Benefits Anti-Fraud Policy
  - Benefits Sanctions Policy
  - Code of Corporate Governance
  - Employees and Members Codes of Conduct.

## **3 Commitment and Strategy**

- 3.1 Lancaster City Council is committed to delivering high quality, value for money services in a fair, open, honest and accountable manner. The Council is determined to protect itself and the public from all forms of fraud, theft, corruption and bribery, including any irregularity and the improper use or misappropriation of the Council's property or resources both from within and outside the Council.
- 3.2 In support of this commitment, the Council's strategy is to rigorously maintain and develop anti-fraud and corruption arrangements with the following objectives:

### **Strategic Objectives**

<b>Strategic Objective</b>	<b>Key Characteristics</b>
<b>Developing a strong anti-fraud and corruption culture</b>	<ul style="list-style-type: none"><li>• A strong ethical framework – clear rules and procedures</li><li>• Effective leadership</li><li>• Maintaining public confidence in the Council.</li><li>• A sound system of internal control</li></ul>
<b>Deterring and Preventing Fraud and Corruption</b>	<ul style="list-style-type: none"><li>• Continuous improvement of arrangements to combat fraud and corruption</li><li>• Monitoring of potential exposure to fraud and corruption and acting accordingly</li><li>• Ensuring the integrity of staff appointed.</li><li>• Consultants, contractors and suppliers acting with integrity.</li><li>• Ensuring adequate anti-fraud and corruption arrangements within partnerships.</li><li>• Effective arrangements to vet insurance claims submitted to the council</li></ul>

Strategic Objective	Key Characteristics
<b>Raising Awareness</b>	<ul style="list-style-type: none"> <li>Ensuring elected Members and officers understand the rules, regulations, policies, strategies and expectations placed upon them.</li> <li>Elected Members and employees understand the risks and recognise their ability to protect the organisation against fraud and corruption</li> </ul>
<b>Maintaining effective reporting arrangements and preventing further loss</b>	<ul style="list-style-type: none"> <li>Ensuring that all genuine suspicions/concerns are raised.</li> <li>Maintaining effective reporting arrangements.</li> <li>Informing external parties where appropriate.</li> <li>Minimising losses once a report has been received.</li> </ul>
<b>Facilitating effective investigations and recovery and seeking suitable sanctions and redress</b>	<ul style="list-style-type: none"> <li>Carrying out timely, lawful and effective investigations and minimising impact</li> <li>Seeking appropriate sanctions and redress to deal robustly with the perpetrators of fraud and corruption.</li> <li>Maximising the recovery of losses.</li> <li>Learning from experience.</li> </ul>

3.3 Implementation of the strategy is promoted and supported by an annually updated Action Plan.

3.4 Development of this strategy will be proportional to the risks facing the Council and will be informed by an objective and regularly reviewed assessment of those risks.

#### **4 Expectations, Responsibilities and Culture**

4.1 The public is entitled to expect Local Government employees and Members to conduct themselves to the highest standards and with the utmost integrity. The Council is determined to adopt a culture and tone around the seven principles of public life<sup>2</sup>: (a) selflessness; (b) integrity; (c) objectivity; (d) accountability; (e) openness; (f) honesty; and (g) leadership. The Council will convey this commitment through its Code of Corporate Governance.

4.2 The way in which the Council is organised and has defined responsibilities in relation to this policy is set out in the following table:

##### **Organisation and Responsibilities**

Groups / Individuals	Key Roles and Responsibilities
<b>Standards Committee</b>	<ul style="list-style-type: none"> <li>setting and monitoring the standards of conduct for elected Members.</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>approving the Anti-Fraud and Corruption Policy.</li> <li>monitoring the effectiveness of the Council's strategy and operational arrangements.</li> </ul>

<sup>2</sup> The Committee on Standards in Public Life (Nolan Committee)

Groups / Individuals	Key Roles and Responsibilities
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>• overall responsibility for the Council's operational procedures</li> <li>• leading by example through sound ethical behaviour and the promotion of the Council's anti-fraud and corruption arrangements.</li> </ul>
<b>Section 151 Officer (Head of Financial Services)</b>	<ul style="list-style-type: none"> <li>• overall responsibility for the Anti-Fraud and Corruption Policy, associated strategy and supporting procedures.</li> <li>• developing and maintaining policies to combat fraud, corruption and other forms of financial crime.</li> <li>• reviewing the Council's exposure to risk and updating corporate anti-fraud and corruption strategy and action plans accordingly.</li> <li>• ensuring that effective investigation procedures are in place.</li> </ul>
<b>Monitoring Officer (Head of Governance)</b>	<ul style="list-style-type: none"> <li>• ensuring that all the Authority's decisions are within the law and statutory codes of practice.</li> <li>• ensuring any actual or potential breaches or acts of maladministration are appropriately reported.</li> </ul>
<b>Service Heads</b>	<ul style="list-style-type: none"> <li>• reviewing their Service's exposure to risk and updating local action plans accordingly.</li> <li>• leading by example in their service areas through sound ethical behaviour and by promoting the Council's anti-fraud and corruption arrangements.</li> </ul>
<b>Internal Audit Manager</b>	<ul style="list-style-type: none"> <li>• reviewing the effectiveness of the Council's anti-fraud and corruption arrangements and reporting to the Section 151 Officer, Management Team and the Audit Committee.</li> <li>• maintaining a corporate overview of the Council's exposure to risk and advising management accordingly.</li> <li>• overseeing the operation of the Anti-Fraud and Corruption Policy and related investigations.</li> <li>• reporting on any corrective measures required which have been identified through internal audit work and investigations.</li> </ul>
<b>Managers</b>	<ul style="list-style-type: none"> <li>• responding quickly and positively to concerns or allegations.</li> <li>• reporting to the Internal Audit Manager immediately any suspected financial impropriety, including fraud or theft and taking all necessary steps to prevent further loss.</li> <li>• establishing and maintaining systems of internal control which effectively manage the risk of fraud or other malpractice.</li> <li>• responding positively to the results of any reviews of their internal control framework by incorporating changes to address any weaknesses found.</li> <li>• communicating to the Council's partners, contractors and suppliers the expectation that they will act with high</li> </ul>

Groups / Individuals	Key Roles and Responsibilities
	standards of integrity and ethics.
<b>All employees and elected Members</b>	<ul style="list-style-type: none"> <li>• managing the risk of fraud.</li> <li>• demonstrating a clear opposition to fraud and corruption through the adoption of procedures and practices which are beyond reproach and by reporting any suspicions.</li> <li>• adhering to legal requirements, the Council's codes, rules and regulations and relevant professional codes of conduct.</li> </ul>
<b>Partners, Contractors and Suppliers</b>	<ul style="list-style-type: none"> <li>• the Council expects its partners, contractors and suppliers to act with high standards of integrity and ethics.</li> </ul>

## 5 Deterrence and Prevention

- 5.1 The Council is committed to continually improving its anti-fraud and corruption arrangements. It will work closely with the police and other external agencies to strengthen and continuously improve its arrangements to combat fraud and corruption and, subject to legal constraints, will share information to support any related national or local initiatives.
- 5.2 The Council will monitor its potential exposure to the risk of fraud and corruption and the adequacy of its policies, systems and procedures to mitigate them. It will ensure there are effective arrangements to identify new and emerging risks and update its policies, systems and procedures accordingly.
- 5.3 The Council is committed to maintaining a strong ethical framework through clear rules, procedures and policies and clear lines of accountability. It will seek to maintain a sound system of internal control which is reviewed regularly by Internal Audit and the Council's external auditors and through the production of an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2011.
- 5.4 The Council is committed to learning from self assessment and independent reviews and will respond positively to recommendations made, by updating its internal control framework.
- 5.5 The Council will take appropriate and proportional action against those engaging in fraudulent or corrupt practices and will always consider referral to the Police. Any internal action against employees will be in accordance with the Council's Disciplinary Policy and Procedures; Members may be reported to the Standards Committee in accordance with the Constitution; contracts with third parties may be revoked per the formal contract; and the Council may withdraw from partnering arrangements per the partnership agreement.
- 5.6 The Council recognises that training and guidance is vital in maintaining the effectiveness of its anti-fraud and corruption arrangements and is committed to ensuring that Members and employees receive guidance, training and support

appropriate to their role and areas of responsibility so as to ensure that risks are effectively managed.

- 5.7 The Council is committed to ensuring the integrity of the people it employs through the maintenance of robust recruitment and selection procedures and pre-appointment screening.
- 5.8 The Council will conduct its procurement practices in a fair and transparent manner and will undertake due diligence in evaluating prospective contractors, and suppliers. Contracts will seek to ensure third parties act with integrity and will set out the sanctions, including the termination of any relationship, in the event of the contractor or supplier adopting practices which are inconsistent with this Policy or the Council's Code of Corporate Governance.
- 5.9 The Council is committed to effective partnerships which deliver shared objectives. It will ensure that prospective partnering arrangements are supported by sound business cases and robust risk assessments. Due diligence will be exercised in carrying out proper checks on potential partners and arrangements will be approved through robust decision-making processes. Partnering agreements will seek to ensure that partners act with integrity and in accordance with corporate ethical standards as set out in the Code of Corporate Governance. Through partnering agreements the Council will secure its right to monitor the performance of its partners and agreements will set out the sanctions, including the Council's right to withdraw from the partnership, in the event of deficiencies.
- 5.10 The Council will, where appropriate, publicise the outcome of investigations and any subsequent prosecutions to make people aware of the possible consequences of engaging in fraud or corrupt practices.

## **6 Raising Concerns**

- 6.1 The Council's reporting arrangements seek to ensure that the interests of the public and the Council are protected against any form of malpractice that can reduce public confidence in the Council and its services, including acts committed outside of official duties but which may impact upon the Council's trust in the individual concerned.
- 6.2 Members and employees are expected to always be aware of, and vigilant to, the possibility of fraud, corruption, theft, and irregularity or the improper use or misappropriation of the Authority's property or resources. Members and employees are encouraged to report genuine concerns immediately.
- 6.3 The Council positively encourages external organisations and members of the public to raise any concerns they may have.
- 6.4 The Council is committed to taking seriously all concerns which are genuinely raised. It will, where appropriate, take action against those who raise unfounded malicious allegations. In the case of employees this may involve taking disciplinary action against the officer raising the concern.
- 6.5 The Council is committed to maintaining confidential reporting arrangements and anyone with genuine concerns should report them in accordance with guidance available through the following links:



**Concerns from members of the public regarding:**

- [Benefit Fraud](#)
- [other concerns from external bodies or members of the public](#)

**Concerns from Members and employees regarding:**

- [possible fraud, corruption or malpractice](#)
- [money laundering](#)

**7 Investigations**

- 7.1 The Council is committed to carrying out proper, prompt and formal investigations into all reports of suspected fraud, corruption, theft, irregularity or the improper use or misappropriation of the Council's property or resources to minimise and prevent further losses.

**8 Sanctions, Redress and Recovery**

- 8.1 The Council is committed to dealing robustly and appropriately with the perpetrators of fraud and corruption. This may include criminal and/or civil proceedings as well as taking action under the Council's Disciplinary Policy and Procedure or through the Standards Committee.
- 8.2 The Council will work with other organisations as necessary to take all reasonable measures to recover any losses arising from fraudulent activity.