



Anti-Fraud & Corruption Policy

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FP002	1.0	RFO	Feb 2020	Feb 2021	Finance

Document Control

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Revision History

Date	Version	Significant Changes
December 2019	V1	New Policy created (please note any version changes in the future will be shown in red text)

Minor Amendments and Editing Log

The Town Clerk has primary responsibility for developing, maintaining and implementing the Anti-Fraud & Corruption Policy. Where changes affect the powers or responsibilities of members approval of the Finance & Governance Committee is required. It is recognised there may be a need to clarify or update certain elements of the Anti-Fraud & Corruption Policy from time to time, this may require minor amendments or editing. The Town Clerk has delegated to the Business & Finance Manager the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page

Consultees

The following individuals/groups have been consulted during the development of this policy:

Name	Organisation	Date Consulted
Jane Biscombe – Town Clerk	Weymouth Town Council	November 2019
Ian Milne – Business & Finance Manager	Weymouth Town Council	November 2019
South West Audit Partnership		December 2019

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1. Purpose of this Policy

Public trust and confidence in the way the Council conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards as it strives to achieve its priorities.

Public confidence will be weakened if fraud and corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.

The purpose of this document is to:

- Highlight relevant legislation
- Set out the Council's approach to countering fraud and corruption
- Detail roles and responsibilities of officers and members
- Provide further detailed guidance for officers and managers

2. Purpose of this Policy

This policy applies to:

- Any person who is currently employed, directly or indirectly by Weymouth Town Council including those whose relationship is with a wholly owned entity, including trading companies and ALMOs;
- Elected or Co-Opted Members; and
- Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc.

Failure to comply with the procedures set out in this policy may lead to a criminal offence being committed and disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

3. Statement from the Town Clerk

I am fully committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour throughout WTC's activities and by all members and colleagues.

The diverse nature of services provided by the Council means that there are many areas where we could be a target for fraud. WTC will ensure that we understand the main fraud and corruption risks we are facing and will strive to ensure we have robust processes in place to prevent it occurring in the first instance. We will also ensure that our counter-fraud measures continue to evolve to meet the changing challenges of potential fraudsters.

We recognise that fraud against the Council harms residents and taxpayers of Weymouth and for that reason fraud and corruption will not be tolerated. We will deal openly and forcefully with members, employees, contractors, service providers or the public who act dishonestly or with the intent to defraud the council or our partners.

All councillors and colleagues have a personal responsibility to promote a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and other irregularities and by promptly identifying and reporting potential instances for investigation.

4. Legislation and Definitions

FRAUD

The Chartered Institute of Public Finance defines fraud as “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”.

Please note, where this policy refers to ‘fraud’ this encompasses theft.

The Fraud Act 2006 created a general criminal offence of fraud and identified three main ways in which it can be committed:

- Making false or misleading representations
- Failing to disclose to another person information which he/she is under a legal duty to disclose
- Abuse of a position of trust

CORRUPTION

The Prevention of Corruption Act 1906 defines corruption as “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.”

THEFT

The Theft Act 1968 defines theft as “a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.”

MONEY LAUNDERING

Money Laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin so they can be retained permanently or recycled into further criminal enterprises.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 require the Council to put in place best practice procedures and policies to prevent and protect their services from being used for potential money laundering activities.

The Council’s arrangements for complying with these regulations are found at Appendix C.

BRIBERY

The Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the “improper performance” of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Council’s arrangements for complying with the Bribery Act 2010 are found at Appendix D.

WHISTLEBLOWING

The Public Interest Disclosure Act 1998 aims to protect individuals who make certain disclosures of information in the public interest, to allow such individuals to bring action in respect of victimisation, and for connected purposes.

As the types of disclosures covered by the Public Interest Disclosure Act 1998 extend beyond fraud and corruption the Council maintains a separate Whistleblowing Policy.

OTHER RELEVANT LEGISLATION

Please note there is other related fraud and corruption legislation not detailed here (e.g. Proceeds of Crime Act 2002).

5. Council Responsibilities

The Council has a duty to make arrangements for the proper administration of their Financial Affairs. WTC has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. The Accounts and Audit Regulations (England) 2015 require the Council to have appropriate control measures in place to enable the prevention and detection of inaccuracies and fraud. The Council is committed to an effective anti-fraud approach designed to reduce losses by:

- Acknowledging and understanding fraud risks faced
- Preventing fraud happening and detecting it when it does occur
- Pursuing and punishing fraudsters and recovering losses.

All officers and members are expected to follow the 'Nolan' seven principles of public life which are the ethical standards expected of public office holders. The principles are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Detailed roles and responsibilities in relation to fraud and corruption are set out in Section 13 of this document.

6. Fraud and Corruption Risks

The Council regularly reviews its exposure to the risk of fraud and corruption. Internal Audit supports the maintenance of a risk register of all Council fraud and corruption risks. Management are responsible for ensuring that fraud and corruption risks are identified within their service area, and appropriate mitigating actions are put in place.

All officers and managers have a role in identifying and managing the risks of fraud and corruption within the Council. The risk of fraudulent or corrupt activity is assessed as part of the Council's overall risk management arrangements.

The Internal Audit Plan includes targeted reviews of service areas which have been identified as at high risk of fraud and corruption. Internal Audit also provide specialist investigative resources to support management with some aspects of external fraud risks to the Council.

Internal Audit participates in a number of anti-fraud networks through which they are alerted to new and emerging risks.

7. Deterrence, Prevention and Detection

DETERRENCE

A strong anti-fraud culture is an effective deterrent to potential fraudsters, whether internal or external to the Council, who may be considering committing or attempting to commit fraudulent or corrupt acts.

The Council is committed to embedding an anti-fraud culture where staff at all levels regard fraud and corruption as unacceptable, are vigilant in the workplace to the indicators of fraud and corruption and are confident in the mechanisms for reporting and investigating fraud. Arrangements include HR policies and procedures, staff fraud awareness training and the Council's Whistleblowing Policy which encourages individuals to raise concerns.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

PREVENTION

The Council's Codes of Conduct, Financial Regulations, procurement guidance and recruitment procedures have all been designed to reduce the risk of fraud and corruption. Managers have a responsibility to ensure that employees are aware of, and comply with these and other relevant policies.

Managers are responsible for assessing the potential risk exposure of fraud and corruption within their own service's activities and for implementing strategies to reduce this risk. They are responsible for ensuring that soundly designed systems are in place which meet key control objectives and minimise the potential for fraud and corruption. They must regularly ensure that the controls within systems are appropriate and working as designed. They must also ensure that opportunities for fraud are identified and eliminated from systems at the earliest opportunity. Further guidance for officers and managers can be found in Appendix A.

Internal Audit provide advice to managers to ensure they are fully aware of the need to consider the preventative aspects of fraud and corruption work.

The recruitment of appropriate personnel to the organisation is essential in maintaining a strong anti-fraud culture. Procedures for recruitment include obtaining references, right to work and criminal record checks.

DETECTION

The implementation and review of robust systems of internal control by management is critical to detect irregularities. Important controls to detect potential fraud include management checks, reconciliation processes and exception reports. Internal audit carry out a programme of fraud detection checks every year and report the outcome to the Finance & Governance Committee.

8. Reporting Concerns

EVERYONE TO WHOM THIS POLICY APPLIES is responsible for

- Contacting the Police immediately if a crime is in progress or an emergency response is required
- Making an immediate note of the concerns (recording all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved)
- Promptly reporting the suspicions to your line manager or Internal Audit (see contact details below). If the concern falls under the Council's Whistleblowing Policy the employee will be afforded protection from any detriment
- Not telling anyone else about the suspicions • Not approaching or accusing individuals directly
- Not reporting the matter to the Police (unless under the circumstances above)
- Not carrying out an investigation (as this may damage any subsequent investigation)
- In cases of suspected money laundering, immediately advising the Council's designated Money Laundering Reporting Officer (See Employee Obligations under the Council's Anti Money Laundering Requirements Appendix C)

Concerns can be reported to the Town Clerk or Business and Finance Manager via the following:

- Telephone: 01305 239839
- email: office@weymouthtowncouncil.gov.uk

MANAGERS are additionally responsible for

- Ensuring any concerns raised with them are promptly notified to the Head of Audit & Management Assurance. The investigation process will follow the Fraud Response Plan (see Appendix B).

9. Investigations and Sanctions

INVESTIGATION

The Town Clerk is responsible for determining the nature of any investigative work (usually in consultation with the service manager) required in respect of any allegation of fraud or corruption.

Investigations will follow the procedures outlined in the Fraud Response Plan as shown at Appendix B.

Financial Regulations set out rights of access for the Internal Auditor and nominated representatives to enable an effective investigation to be undertaken.

SANCTIONS

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

The decision to refer cases to the Police will be taken by the Internal Auditor following consultation with the relevant manager and the Town Clerk. A protocol has been established to guide and document this process, which ensures that the application of sanctions is done in a comprehensive, consistent, and proportionate manner.

Financial Regulations give the Internal Auditor the right to refer cases directly to the Police where it is considered that an internal inquiry would compromise the integrity of the investigation and/or otherwise prejudice the interests of the Council or the general public.

The Council will take all possible action to recover losses from fraud and corruption using criminal and civil law to the fullest extent.

10. Fraud Awareness

Fraud awareness training will be made available for all employees to reinforce key anti-fraud messages and ensure a consistent level of awareness across the organisation. In addition to this, specialist training is available to officers, in particular those areas identified as at risk from bribery or money laundering.

Regular notifications will be issued by to promote fraud awareness by communicating information on corporate anti-fraud policy and guidance to staff and members including examples of recent frauds.

The Council ensures that those undertaking anti-fraud work, including investigation and systems review, do so within ethical and professional frameworks and with appropriate training, accreditation and resources for the role.

11. Working with Others

The Council works in partnership with other organisations including other Local Authorities to share knowledge of fraud risks and specialist anti-fraud resources, and also to provide a co-ordinated response.

The Council is committed to exchanging information with other local and national agencies to identify and prevent fraud.

12. Monitoring

The Council's arrangements for countering fraud and corruption are measured and reported upon in several ways:

- Records are maintained of whistleblowing and fraud Investigations, including the outcome of police investigations, subsequent application of sanctions, and recovery of losses.
- The Council aspires to continually improve its resilience to fraud and Internal Audit measures improvement using the CIPFA 'Code of Practice on Managing the Risk of Fraud and Corruption' tool.
- Annual report to the Finance & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy.

13. Detailed Responsibilities

All Employees	<ul style="list-style-type: none"> to uphold the highest standards of conduct, propriety and accountability by adherence to legal and Council requirements, rules, procedures and practices including the 'Nolan' seven principles of public life. to be open, honest and politically neutral in their work to comply with the Council's Anti-Fraud & Corruption Policy to ensure that they are familiar with the Employee Code of Conduct and its requirements to declare personal interests and record offers of gifts and hospitality to be aware of the possibility of fraud and corruption both internal and external to report any concerns or suspicions regarding fraud, corruption or other irregularities, if need be via the Whistleblowing Policy to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer
Managers	<ul style="list-style-type: none"> to create an atmosphere where honesty and integrity are valued highly, and fraud, corruption and dishonesty are not tolerated to comply with the Council's Anti-Fraud & Corruption policy to promote staff awareness and ensure staff understand their own responsibilities to make available appropriate training to employees to ensure that there are mechanisms in place within their service areas to assess the risk of fraud & corruption. to ensure that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption to notify the Town Clerk immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property and/or resources pending investigation and reporting, managers must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration to act in accordance with the Whistleblowing Policy to support any members of staff who have 'blown the whistle' to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer to maintain local staff registers of interest within their own Service Units to instigate the Council's disciplinary procedures where the outcome of an audit or special investigation indicates improper behaviour
Members	<ul style="list-style-type: none"> to support and promote the development of a strong Anti-Fraud & Corruption culture. to adopt high standards of conduct in order to uphold "General Principles of Conduct" and all other legal requirements, rules, procedures and practices

	<ul style="list-style-type: none"> • to immediately notify an appropriate officer of any suspicions of fraud or corruption • to report any suspected breach of the Code of Conduct by another member to the Standards Board
Audit & Governance Committee	<ul style="list-style-type: none"> • to consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy
Town Clerk	<ul style="list-style-type: none"> • to support and promote the development of a strong Anti-Fraud & Corruption culture. • to advise members and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and statutory Codes of Practice
Responsible Finance Officer	<ul style="list-style-type: none"> • to develop, maintain and implement an Anti-Fraud & Corruption policy (and associated whistleblowing policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity • to advise on the controls required for fraud prevention and detection • to appoint a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made • to ensure that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010 • to ensure rights and powers of internal auditors and fraud investigators are upheld at all times across the organisation
External Audit	<ul style="list-style-type: none"> • to establish an understanding of management processes in place to prevent & detect fraud • to establish an understanding of how the Audit & Governance Committee gain assurance from management over the identification and responding to risks of fraud in the Council. • to respond to whistleblowing disclosures when acting as an external prescribed person or body.
Partners, Contractors, Suppliers, Public	<ul style="list-style-type: none"> • to be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions to a Manager, Internal Audit, the Town Clerk or a Member.

FURTHER GUIDANCE FOR OFFICERS & MANAGERS

WHY DOES FRAUD OCCUR?

Three key elements exist in most acts of fraud and corruption and are shown in the diagram below;



1. Opportunity

The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility.

Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified. Managers are therefore responsible for ensuring that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.

2. Motive/Incentive/Pressure

A person who commits fraud may be pressured to, or needs to commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

3. Rationalisation

A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they'll pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

TRUST & HONESTY

- Almost all internal fraud involves the abuse of trust
- Reliance on Trust and Honesty is not a fraud control

WARNING SIGNS OF POTENTIAL FRAUD

Supplier Invoices

- There is no record of an official order made
- The invoice contains errors in details such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Invoices and or supporting documents appear inadequate/photocopied or obviously altered

Customer Applications and Payments

- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal

- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary/relevant to job role
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

EXAMPLE KEY CONTROLS

Some "key" controls that should ensure systems are robust are detailed below:

- Pre-employment checks are carried out for all new staff.
- Sound accounting processes, prompt financial reporting, budgets independently monitored, apparent discrepancies investigated, bank accounts promptly reconciled.
- Supervision of high fraud risk areas like cash collection.
- Independent monitoring and checking of data and supporting documentation.
- Proper arrangements for the receipt, recording and checking of goods received or services rendered.
- Responsibility for financial tasks clearly defined, documented and understood.
- Adequate separation of duties ensuring that more than one employee is involved in tasks like income collection and payment processing.
- Proper authorisation procedures which require approval of material transactions
- Physically securing and accounting for controlled stationery and cheques.
- Payment only on production of original supporting documentation.

- Processes to monitor compliance with these controls by, for example, reviewing completion of control documents and reconciliations.

REPORTING CONCERNS – Guidance for EMPLOYEES	
✓	✗
<ul style="list-style-type: none"> do raise the matter the sooner the problem is raised and looked into the sooner any wrong-doing can be stopped. do make an immediate note of your concerns it is important that you make an immediate note of key details such as what caused your suspicion, when things happened and who was involved. do pass on your suspicions to someone in authority for an employee this would normally be your Line Manager, however this may not always be appropriate (see “Reporting Concerns” under the Anti-Fraud & Corruption Policy) do check the Council’s whistle-blowing policy this will give you more information on how you can safely raise a genuine suspicion within the Council and who you should talk to. 	<ul style="list-style-type: none"> don’t do nothing if you are worried that some wrongdoing is happening within the Council, please don’t keep it to yourself. don’t be afraid to raise your concern the Council’s whistle-blowing policy will provide safeguards. don’t approach or accuse any individual directly don’t try to investigate the matter yourself both the above could only make matters worse and prejudice the official investigation.

N.B. The regulations for Money Laundering have specific and clear guidance for what to do if you suspect Money Laundering is occurring. Check the Anti-Money Laundering Requirements at Appendix C.

REPORTING CONCERNS – Guidance for MANAGERS	
✓	✗
<ul style="list-style-type: none"> • do be responsive to staff concerns you need to encourage staff to be able to raise any genuine concerns with you. You should reassure them that if they raise concerns with you, they will be protected from victimisation or reprisal. • do note details get as much information as possible from the person raising the concern. If they have made notes or have documentary evidence, ask for copies of these. • do evaluate the information objectively and consult before you take the matter further, you need to decide whether the suspicions seem justified. Consider the facts as you have them and consult with Internal Audit about what should happen next. • do deal with the matter promptly the sooner the problem is passed on by you for investigation the sooner the potential fraud or corruption can be stopped • do advise the Internal Auditor who will advise on the appropriate course of action, in line with the Fraud Response Plan Appendix B 	<ul style="list-style-type: none"> • don't ignore concerns raised with you as a Manager you should reassure staff about raising concerns. • don't approach or accuse any individuals directly you may inadvertently tip off a fraudster before evidence has been collected. • don't convey your suspicions to anyone other than those with the proper authority to investigate • don't try to investigate the matter yourself both the above could only make matters worse and prejudice the official investigation.

Further advice can be sought from the Town Clerk or Business and Finance Manager on any of the above areas by e-mail office@weymouthtowncouncil.gov.uk or phone 01305 239839.

FRAUD RESPONSE PLAN

Please note that this is intended as a guide and not all stages will be followed in all circumstances or necessarily in the order detailed below.

<p>Stage 1 – Commencing an Investigation</p> <p>Decisions to proceed with an investigation will be made by the Town Clerk (in liaison with the appropriate SMT Manager). The Town Clerk will determine the involvement of other officers including the RFO (if not the TC) and the Human Resources advisors, and the applicability of the Council's Whistleblowing Policy.</p>
<p>Stage 2 – Appointment of Investigating Officers</p> <p>For each investigation, the first step will be to appoint an Investigating Officer. This will usually be an officer from the service concerned who will consult on the detailed investigation process with Internal Audit. The Chief Internal Auditor will appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).</p>
<p>Stage 3 – Planning the Investigation</p> <p>The Investigating Officer will need to liaise with the Internal Audit lead officer to ensure that a plan of action is drawn up. Internal Audit will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.</p>
<p>Stage 4 – Referral to Police</p> <p>If the investigation relates to a suspected criminal offence, the Chief Internal Auditor will need to consider (in conjunction with the Manager, the Monitoring Officer and the Chief Financial Officer) whether to inform the Police. If they decide that a formal police investigation is necessary, then liaison with the Police will normally be via the Internal Audit lead officer.</p>
<p>Stage 5 – Gathering Evidence</p> <p>The Investigating Officer will ensure, in conjunction with the Internal Audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered legally, objectively, systematically and in a well documented manner. Where this is being carried out in conjunction with a Police investigation the Internal Audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The Internal Audit lead officer will keep the Investigating Officer fully informed of all developments with any Police investigation.</p>
<p>Stage 6 – Progress Reviews</p> <p>During the investigation, the Investigating Officer/lead Internal Auditor will produce interim reports (which can be verbal reports) on progress and findings.</p>
<p>Stage 7 – Conclude Investigation and Improve System Controls</p> <p>The Investigating Officer/lead Internal Auditor will produce a final report that may be used by management as a basis for disciplinary action, where necessary, in liaison with Human Resources. An issues report will identify any system weaknesses that enabled the fraud to occur and improvements recommended.</p>
<p>Stage 8 – Recovering Losses</p> <p>The Investigating Officer/Lead Internal Auditor will ensure that all opportunities are followed to obtain compensation for any losses incurred including insurance, voluntary restitution or compensation claims.</p>
<p>Stage 9 – Press Release</p> <p>The decision to issue press statements about fraud or corruption cases that have been investigated and proven by the Council will be made by the Investigating Officer, Chief Internal Auditor, and Monitoring Officer together with the Council's Communications Team. They will take account of, on a case by case basis, any sensitive and legal issues involved and the need for confidentiality.</p>

ANTI-MONEY LAUNDERING REQUIREMENTS**1. Introduction****What is money laundering?**

Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and is given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as but not limited to terrorism, drug smuggling, theft and fraud.

Legislation

The legislation which is relevant to this Anti-Money Laundering Policy is:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLR”)
- The Proceeds of Crime Act 2002 (“POCA”) (as amended by the Serious Organised Crime and Police Act 2005)
- The Terrorism Act 2000 (“TA”) (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006).

Money Laundering Regulations

The Council is not defined as a ‘regulated business’ under the regulations and therefore is not legally obligated to apply the provisions of all of the regulations. However, the Council is committed to complying with the spirit of the legislation and regulations as advocated by the Chartered Institute of Public Finance & Accountancy’s (CIPFA) guidance.

The money laundering legislation, regulations and this policy aim to provide preventative measures to reduce the risk of money laundering occurring and to aid identification of any money laundering activity that may occur.

While the risk to the council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

2. The Council's and Employees' Obligations

Council's Obligations

Under the legislation and best practice guidance the Council must:

- Appoint a Money Laundering Reporting Officer ("MLRO") (Compliance and Nominated Officer) to receive disclosures from employees and members of money laundering activity (Paragraph 3);
- Implement a procedure to enable the reporting of suspicions of money laundering (Paragraph 4);
- Maintain client identification procedures (due diligence) where appropriate;
- Maintain record keeping procedures (Paragraph 5);
- Undertake an assessment of the money laundering risk that the Council is exposed to (Paragraph 6);
- Train relevant employees on their anti-money laundering responsibilities (Paragraph 7).

Employees' Obligations

Under the legislation and best practice guidance employees must:

- Immediately report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO) as detailed in the Money Laundering Disclosure Procedure section below
- Not take any cash payment over £12,000 (please note this can be a single transaction or a series of related transactions) and formally report any attempt to do so to the MLRO.
- Verbally report any cash transactions over £5,000 but lower than £12,000 to the MLRO (see Money Laundering Disclosure Procedure section below)
- Not discuss money laundering suspicions with anyone other than the MLRO
- Undertake customer due diligence wherever possible.

3. The Money Laundering Reporting Officer (MLRO)

The Money Laundering Reporting Officer (MLRO) for the Council is the Town Clerk. The MLRO is responsible for receiving disclosures regarding suspicions of money laundering activity, evaluating the information provided and, determining whether to report suspicions of money laundering to the National Crime Agency.

Disclosures of suspected money laundering must be made to the MLRO using the Money Laundering Disclosure Procedure in paragraph 4 below. If the MLRO is unavailable the Deputy Money Laundering Officer (Business and Finance Manager) must be contacted in their absence.

4. Money Laundering Disclosure Procedure

Disclosure by an Employee

Numerous scenarios could occur where Council employees in the course of their job become aware of potential money laundering activity. In order to prevent the risk of prosecution, employees need to be aware of the need to report these instances.

Where an employee knows or suspects that a money laundering activity is taking/has taken place or becomes concerned that their involvement in a matter may breach legislation, they must disclose this to the MLRO **immediately**.

The suspected money launderer **must not** be informed in any way that a report has been made against them.

The disclosure must include as much detail as possible and should include:

- Names and addresses of persons involved (if a company/public body please include nature of business)
- Nature, value and timing of activity involved
- Suspicions regarding the activity

Once the employee has reported the matter to the MLRO they must follow any directions they are given. The employee must not make any further enquiries into the matter.

Consideration of Disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure, the MLRO must note the date and acknowledge it.

The MLRO will consider the disclosure and any other available internal information they think relevant. This may include:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Clarification of events with the discloser
- Any identification evidence held.

The MLRO will undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of “tipping off” those involved).

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; and
- There are reasonable grounds to know or suspect that this is the case; and
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.

5. Customer Due Diligence

The Council is not defined as a 'regulated business' under the regulations but as the Council is committed to complying with the spirit of the regulations customer due diligence best practice should be followed wherever possible:

- Identify the person seeking to form the business relationship or conduct the transaction (this could be an individual or a company)
- Verify their identity using reliable, independent sources of information
- Identify who benefits from the transaction
- Monitor transactions to make sure they are consistent with what you understand about that person or company
- Understand the source of their funds
- Ensure there is a logical reason why they would want to do business with the Council.

6. Money Laundering Risk

The Council will produce a risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. In addition, money laundering will form part of the Council's Fraud Risk Register.

7. Training

In support of this policy, the Council will:

- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti money laundering legislation; and
- Give targeted training to those most likely to encounter money laundering.

8. Offences Under the Acts

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering regulations if they become aware of, or suspect the existence of criminal property, and continue to be involved in the matter without reporting their concerns.

Primary money laundering offences:

1. Concealing, disguising, converting, transferring criminal property or removing it from the UK
2. Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
3. Acquiring, using or processing criminal property

Secondary money laundering offences:

- Failure to disclose any of the three primary offences
- “Tipping off” whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation

Failure to report suspicious money laundering activities or be involved in money laundering activities may lead to a criminal offence being committed and disciplinary or legal action being taken against you. Any internal disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

9. Practical Guidance

Possible Indicators of Money Laundering

The success of money laundering often depends upon a transaction appearing ‘normal’ however there are a number of ways to identify possible money laundering.

Beware of potential transactions where the other party:

- Enters into transactions which make little or no financial sense, or which go against normal practice;
- Cancels transactions without good reason and requests a cheque for previously deposited funds;
- Makes any large cash payments / deposits;
- Makes large overpayments of fees or money on account;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or method of payment or refuses to provide information requested without reasonable explanation;
- Suddenly changes their pattern of activity or method of payment;
- Enters into arrangements beyond their apparent financial means or if the Buyer or Seller's financial profile does not fit (particularly in relation to property transactions);
- Unnecessarily routes funds through third party accounts or has overly complicated financial systems; and / or
- Uses more than one Solicitor / Conveyancer in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property's location

Similarly, you will need to be wary if information about the customer reveals criminality or association with criminality (e.g. previous benefit fraud or suspected benefit fraud).

ANTI-BRIBERY REQUIREMENTS

1. Introduction

Purpose of this Policy

This policy is in place to ensure compliance with the Bribery Act 2010. It explains the process through which the Council intends to maintain high standards and to protect the organisation, employees, members and business partners against allegations of bribery and corruption.

The Council is committed to the highest possible standards of openness, probity and accountability and to conduct its business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2. What is Bribery?

The Bribery Act 2010 www.legislation.gov.uk defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 introduced the following criminal offences:

- **The offence of bribing another person (section 1).** This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.
- **The offence of being bribed (section 2).** This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- **Bribery of a foreign public official (section 6).** This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.
- **A corporate offence of failure to prevent bribery (section 7).** A commercial organisation* could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

**The Council accepts that public bodies (in particular its commercial activities) may be classed as a “commercial organisation” in relation to the corporate offence of failing to prevent bribery.*

In any event, it represents good governance and practice to have adequate procedures in place to protect the Council, members, employees and partners from reputational and legal damage. It is in the interests of everybody connected to the Council to act with propriety at all times.

3. What are the Consequences?

An individual guilty of a criminal offence under sections 1, 2 or 6 of the Bribery Act, in addition to potential disciplinary action, is liable on conviction in:

- A magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both.
- A crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Council, if convicted under sections 1,2, or 6 will also face the same level of fines and if guilty of an offence under section 7, is liable to an unlimited fine.

4. What do I need to do as an Employee?

- Be aware of the Bribery Act 2010 and this document
- Declare any conflicts of interests that could apply (see Employee Code of Conduct)
- Record any gifts or hospitality in your service area register (see Employee Code of Conduct)
- Abide by separation of duties in systems
- Comply with delegated authority limits for decisions
- Ensure transparency of all activities by retaining sufficient documentation for all transactions
- Complete the Fraud Awareness e-learning module
- Speak up if you have any concerns (see 'Reporting Concerns' section of the Council's Anti-Fraud & Corruption Policy and/or the Council's Whistleblowing Policy)

5. What has the Council put in place to prevent bribery occurring?

The Council has put in place robust arrangements which comply with Ministry of Justice Guidance which focuses on the Six Principles for Bribery Prevention:

1. Proportionate Procedures

There are several policies and procedures which are in place that contribute towards prevention, detection and investigation of bribery including:

- Constitution and Scheme of Delegation
- Financial Regulations
- Procurement Guidelines
- Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- Internal Audit Plan
- Risk Management Framework
- Codes of Conduct for Members and Employees
- Disciplinary Procedures and Rules

2. Top level commitment

A strong anti-fraud culture is established and outlined in the Council's Anti-Fraud & Corruption Policy. Members and senior management are committed to ensuring anti-bribery arrangements are robust and adequate.

3. Risk Assessment

An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of bribery across all service areas.

Service Units are responsible for regularly reviewing the risks from Fraud and Corruption in their business.

4. Due diligence

All necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical

5. Communication (including training)

Commitment to embedding anti-bribery within the Council is in place via policies, procedures and anti-fraud training arrangements.

Consistent and proportionate sanctions are applied in line with disciplinary policies and the Anti-Fraud & Corruption Policy

6. Monitoring and review

Internal Audit regularly review systems assessed as at high risk of bribery

The relevant policies and procedures are regularly reviewed