

# Anti-fraud, Bribery and Corruption Policy

## Document Control

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| <b>Policy Author</b> | Counter Fraud Manager  |
| <b>Applies to</b>    | All council staff, councillors, contractors, the council's partners and the public |

## Review of Policy

|                         |                               |
|-------------------------|-------------------------------|
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## **1. INTRODUCTION**

- 1.1 This policy provides a clear framework alongside the council's Counter Fraud and Corruption Strategy, for the council to undertake necessary, legal and proportionate actions wherever the evidence supports an investigation into an allegation of fraud, and to seek recovery of defrauded monies through all possible legal means.
- 1.2 The council maintains high standards of probity and has a good reputation with the residents which it serves, for protecting public finances. Sound systems of public accountability are vital to effective management and in maintaining public confidence. The minimisation of losses to fraud and corruption is essential for ensuring that public resources are used for their intended purpose of providing services to its local residents.
- 1.3 The council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets. The public is entitled to expect the council to conduct its business with integrity, honesty and transparency and demand the highest standards of conduct from those working for it, aligned to the Nolan Principles for Standards in Public Life.
- 1.4 The council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, theft, bribery or corruption, which it recognises the impacts can:
  - Undermine the standards of public service that the council is attempting to achieve.
  - Reduce the level of resources and services available for the residents of Herefordshire.
  - Result in major consequences which reduce public confidence in the council.
- 1.5 Appropriate sanctions and redress will be pursued against anyone perpetrating or attempting to commit fraud, and every effort will be made to recover any losses incurred by the council.

## **2. AIMS AND OBJECTIVES**

- 2.1 The aims and objectives of this Anti-Fraud, Bribery and Corruption Policy are to:
  - Protect the council's valuable resources by ensuring they are not lost through fraud, but are used to provide quality services to Herefordshire residents and visitors.
  - Create and promote a robust 'anti-fraud' culture which highlights the council's zero tolerance of fraud, theft, bribery, tax evasion and corruption.
  - Have in place a Counter Fraud Service which:
    - Proactively deters, prevents and detects instances of fraud, theft, bribery and corruption.
    - Investigates suspected or detected fraud, theft, bribery and corruption.
    - Enables the council to apply appropriate sanctions and recover losses.
    - Provides recommendations to inform policy, risk and control improvements, thereby reducing the council's exposure to fraudulent activity.
  - Create an environment that enables the reporting of any genuine suspicions of fraudulent activity, ensuring that the rights of people raising legitimate concerns are properly protected.
  - Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud.

### 3. SCOPE, ROLES & RESPONSIBILITIES

- 3.1 The council will not tolerate fraud, bribery, corruption or other forms of financial irregularity by anyone. This policy therefore applies to:
- All council employees (including volunteers, temporary staff and agency staff);
  - Elected members;
  - Staff and Committee members of council funded voluntary organisations;
  - Council partners;
  - Council suppliers, contractors and consultants (whether engaged directly or indirectly through partnership working);
  - Service users; and
  - Members of the Public.
- 3.2 It is important that everyone within the council, or associated with the council, understands what their specific responsibilities are in relation to fraud prevention.

| Stakeholder   | Specific Responsibilities   |
|---|---|
| <b>Audit and Governance Committee</b>                 | To monitor and oversee the council's strategies and policies, and consider the effectiveness of the Whistleblowing Policy, Money Laundering and Counter-Fraud and Corruption Strategy. The committee also oversees the progress within the annual fraud report.   |
| <b>Chief Executive</b>                                | The Chief Executive is ultimately accountable for the effectiveness of the council's appetite and arrangements for countering fraud and corruption.   |
| <b>Finance Portfolio Holder</b>                       | The Finance Portfolio Holder is the cabinet member responsible for Finance and Corporate services, and has the responsibility of signing off the Counter Fraud and Corruption Strategy.   |
| <b>Councillors</b>                                    | To promote and support the council's stance on fraud, corruption and bribery.   |
| <b>Chief Financial Officer/ (Section 151 Officer)</b> | To oversee that the council has an effective Counter-Fraud and Corruption Strategy, there is an effective internal control environment and there is an effective internal audit service to provide an objective view.   |
| <b>Monitoring Officer</b>                             | To help ensure that the council does not act unlawfully and to monitor the whistleblowing function. The Monitoring Officer undertakes an initial assessment on any referrals made through this reporting method, to determine the type of allegation.   |
| <b>Counter Fraud Team</b>                             | To raise fraud awareness internally within the council and externally to the public. To train and educate employees about fraud and create / implement an effective strategy. To assess risk of fraud across the organisation alongside Audit and implement mitigation to help deter and prevent crime. Point of contact for fraud investigations and to actively pursue the recovery of public monies and take action, to include, but not limited to, prosecution. To function effectively with all stakeholder's in the counter fraud process. |

| Stakeholder   | Specific Responsibilities  |
|---|--|
| <b>Internal Audit</b>   | To provide advice and assurance to the council on the effectiveness of internal controls which are designed to reduce the risk of fraud, corruption, bribery and theft. To undertake risk assessments across the organisation and work with the council's internal Counter Fraud Team to help mitigate fraud risk. |
| <b>External Audit</b>   | A statutory duty to ensure that the council has in place sufficient arrangements for the prevention and detection of fraud, corruption, bribery and theft.   |
| <b>Trading Standards</b>  | To function effectively with the Counter Fraud Team by sharing intelligence, resources and assisting in the facilitation of fraud prosecutions.  |
| <b>Human Resources</b>  | To function effectively with the Counter Fraud Team by working together in relation to any internal fraud, corruption, theft or bribery investigations.  |
| <b>Heads of Service and Service Managers</b>                    | To assist in promoting staff awareness and ensuring that all suspected or reported irregularities are immediately referred to Internal Audit & the Counter Fraud Team. To ensure that strong internal controls are in place and that these are properly implemented within their departments.                      |
| <b>Staff</b>  | To comply with the council's policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management and Internal Audit and/ or the Counter Fraud Team, taking into consideration if necessary, the Whistleblowing Policy.               |
| <b>Public, Partners, Suppliers, Contractors and Consultants</b> | To be aware of the possibility of fraud, corruption, theft and bribery against the council and report any genuine concerns or suspicions.  |

#### 4. **DEFINITIONS**

|   |   |
|---|---|
| <b>Fraud</b>  | <b>Bribery</b>  |
| Put simply, fraud is an act of <u>deliberate deception</u> intended for personal gain or to cause a loss to another party.<br><br>This can include fraud by abuse of position, false representation, or failure to disclose where there is a legal duty to do so. | Giving, receiving or promising 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. |
| <b>Deception</b>  | <b>Corruption</b>   |
| An act or statement which misleads, hides the truth, or promotes a belief, concept, idea or identity that is not true. It is often done for personal gain or other advantage.   | Unlawful behaviour through the abuse of entrusted power or position of authority, for personal gain or other advantage.   |
| <b>Theft</b>  |   |
| When someone dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.  |   |

##### 4.1 **Fraud**

The Fraud Act 2006 identifies fraud as a criminal offence which can be committed in a number of separate ways, such as the following categories:

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

##### 4.2 **Theft**

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

##### 4.3 **Corruption**

The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

##### 4.4 **Bribery**

Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. The key offences under the Bribery Act 2010 are:

- Active bribery: promising or giving a financial or other advantage; Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribing of foreign public officials;
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

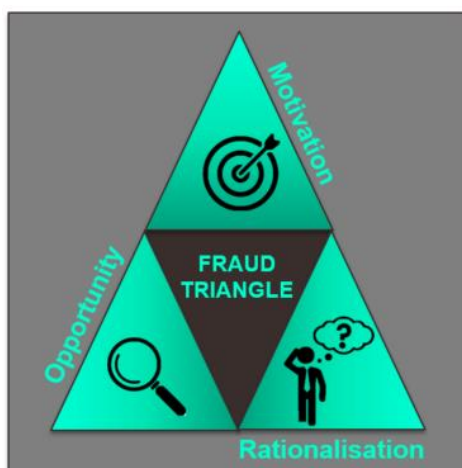
The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

- 4.5 **Tax Evasion** is the non-payment or under-payment of taxes, usually resulting from making a false declaration or no declaration at all of taxes due to the relevant tax authorities, resulting in legal penalties (which may be civil or criminal) if the perpetrator of tax evasion is caught.
- 4.6 **Tax Avoidance** is seeking to minimise a tax bill without deliberate deception (which would be tax evasion) but contrary to the spirit of the law. It therefore involves the exploitation of loopholes and gaps in the tax and other legislation in ways not anticipated by the law.
- 4.7 **Relevant Body** – The government guidance for the corporate offences of failure to prevent criminal facilitation of tax evasion, (1st September 2017) states that only a ‘relevant body’ can commit the new offences. This means that only incorporated bodies (typically companies but also includes the council) and partnerships can commit the new offences, not individuals.

However, a relevant body can commit the new offences if a person acting in the capacity of a person associated with it criminally facilitates a tax evasion offence. A person is associated with a relevant body if that person is an employee, agent or other person who performs services for or on behalf of the relevant body (such as sub-contractors).

## 5. ANTI-FRAUD CULTURE

- 5.1 It is first important to understand the psychology of why an opportunistic fraudster may choose to commit fraud. This can be best explained by the ‘Fraud Triangle’ theory outlined below;



- Motivation – The first step in the theory is motivation and it is sometimes also referred to as ‘Pressure’. A person who commits fraud may be pressured to, or needs to be willing to commit fraud. This can be separated into the following:  
‘**Fraud for need**’ - It might be due to a financial need such as living beyond their means, debts, or to feed an addiction.  
‘**Fraud for greed**’ – committing fraud simply as a desire for more status, or a desire for material goods. The sense of ‘beating the system’ may also act as a further motivator.
- 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 will pay the money back one day; or that the organisation is so big it won’t miss the small amount taken.
- 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.

- 5.2 The council's members, employees, partners, volunteers and governors play an important role in creating and maintaining this 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 wherever possible be treated with confidentiality. Suppliers/ contractors to the council and the public 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.
- 5.3 The prevention and detection of fraud, theft, bribery or corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. The anti-fraud culture and associated procedures within the organisation assists the council in its overarching fraud risk management.
- 5.4 Through the use of fraud awareness training, regular communication, comprehensive assessments and ongoing support from all responsible parties, the council will continue to have robust processes in place to help embed counter fraud arrangements across the council services.

## **6. TRAINING AND AWARENESS**

- 6.1 The council recognises that an important aspect of its Anti-Fraud, Bribery and Corruption Policy is the general awareness and responsiveness of employees throughout the council. To facilitate this, the council supports the concept of ongoing training. All council employees are therefore required to complete mandatory annual fraud awareness training. In addition, bespoke fraud awareness training is provided to high risk service areas on an adhoc basis.
- 6.2 All employees are made aware of this policy and the accompanying Counter Fraud and Corruption Strategy via various channels of communication. Up to date fraud awareness content is also available to all employees and the council endorses International Fraud Awareness week each year.

## **7. TYPES OF FRAUD**

- 7.1 Local authorities have reported a wide range of fraud types. The main areas of fraud that were reported in the 'Fighting Fraud Locally Campaign', continue to feature as significant risks. There are also new fraud types emerging and some of these are more prevalent in particular parts of the county. It is therefore important that everyone understands what risks there are, in order to be able to prevent and detect fraud occurring. Further details on the types of fraud effecting Local Authorities can be found in the council's Counter Fraud and Corruption Strategy.

## **8. STRATEGIC APPROACH TO COUNTERING FRAUD**

- 8.1 It is vitally important that the council tackles the risk of fraud using a structured approach. Therefore, the council has developed a 'Counter Fraud and Corruption Strategy', which accompanies this policy, and outlines the principles to which it will focus its counter fraud resources. These principles are aligned to the key pillars published by CIPFA's 'Fighting Fraud Locally' campaign.



## 9. KEY FRAUD INDICATORS

9.1 A number of frauds can come to light because of suspicions aroused by, for example, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indications or warning signs. However the following are indicators that may, either alone or cumulatively / repeatedly with other factors, suggest the possibility of fraud and may therefore require reporting.

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long hours, job dissatisfaction / unhappy employee, secretiveness or undue defensiveness.
- **Financial Irregularities:** Key documents missing (e.g. invoices, contracts), absence of controls and audit trails, missing expenditure vouchers and official records, general ledger out of balance, bank and ledger reconciliations are not maintained or cannot be balanced, excessive movements of cash or transactions between accounts, numerous adjustments or exceptions, constant overdue pay or expense advances, supplicate payments, ghost employees on the payroll, large payments to individuals, excessive variations to budgets or contracts.
- **Poor procurement practice:** Too close a relationship with suppliers/contractors, suppliers/contractors who insist on dealing with one particular member of staff, unjustified disqualification of any bidder, or quote passed over with minimal explanation recorded, defining needs in ways that can be met only by specific contractors, single vendors, vague specifications, splitting up requirements to get under small purchase requirement or to avoid prescribed levels of review or approval.
- **Control inadequacies:** Understaffing in key control areas, consistent failures to correct major weaknesses in internal control, inadequate or no segregation of duties.
- **Inadequate supervision:** Policies not being followed, lack of senior management oversight, inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation), low staff morale, weak or inconsistent management.
- **Lax corporate culture:** Management frequently override internal control, climate of fear or a corporate culture employees under stress without excessive workloads, new employees resigning quickly, crisis management coupled with a pressured business environment, high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls, work is left until the employee returns from leave, post office boxes as shipping addresses, documentation that is photocopied or lacking essential information, lack of rotation of duties, unauthorised changes to systems or work practices.

## 10 **BRIBERY**

10.1 It is a criminal offence for an individual to give or receive a bribe. Offences under The Bribery Act 2010 include the following;

- bribing another person
- requesting, accepting or agreeing to receive a bribe
- bribing a foreign public official
- failure to prevent bribery

10.2 Individuals involved in bribery can receive up to 10 years' imprisonment and/or an unlimited fine. Organisations can receive unlimited fines. Within the organisation, senior officers or directors can also be convicted if they are deemed to have given their consent to giving or receiving a bribe.

10.3 It is also a corporate offence if a business is found to have failed to prevent bribery. The Bribery Act 2010 includes the corporate offence of 'Failing to prevent bribery on behalf of a commercial organisation' (corporate liability). To protect itself against the corporate offence, the Act requires an organisation to have "adequate procedures in place to prevent bribery".

## 11. **TAX EVASION**

11.1 In 2017, the U.K. Government made it a Corporate Criminal Offence for businesses to fail to put in place reasonable procedures to prevent employees and other associated persons from facilitating tax evasion. The new offences were set out in Part 3 of the Criminal Finances Act 2017.

11.2 Under the CFA 2017, it is an offence to fail to prevent the facilitation of the evasion of UK or foreign taxes. The intention of the Criminal Finances Act 2017 was to impose criminal liability on organisations whose employees, for example, helped clients evade taxes.

11.3 The Government guidance refers to both the 'Relevant body', namely the council and 'persons acting as associates,' (any employee, agent or other person who performs services for, or, on behalf of the council). The associate person can be individual or an incorporated body.

11.4 For Corporate offences to be committed a criminal offence must have been committed at the taxpayer level (stage one);

- **Stage one:** The criminal tax evasion by a taxpayer (either an individual or a legal entity) under existing law.

It is criminal offence to deliberately and dishonestly facilitate the commission of revenue fraud or to assist a person to fraudulently evade tax. It is also a crime to aid and abet another person in committing a revenue fraud.

- **Stage two:** The criminal facilitation of the tax evasion by an associate person of a relevant body.

Only a relevant body can commit the new offences. If an associate deliberately and dishonestly criminally facilitates a tax evasion offence whilst performing services for or on behalf of Herefordshire Council, the Council could also be accountable, unless they could evidence that reasonable prevention procedures have been put in place to prevent its associated persons from committing tax evasion.

11.5 Government guidance suggests the proportionate prevention measures should be taken based on an assessment that identifies the specific risks of the organisation. The Government has set the same threshold for Tax Evasion prevention measures as those set for Bribery (under S7 of the Bribery Act 2010). i.e. When an offence has been committed, an organisation must be able to evidence that they have adequate procedures in place designed to prevent persons associated with the council from undertaking such conduct.

- Risk Assessment
- Proportionality of risk-based prevention procedures
- Top Level Commitment
- Due Diligence
- Communication (including training)
- Monitoring and Review

11.6 The council must ensure that their policies and procedures are up-to-date and that staff are made aware of their responsibility around the recognition and prevention of tax evasion. This will not only provide a safeguard against tax evasion but also enable the council to evidence that prevention procedures are in place.

11.7 In the council, reasonable due diligence is exercised when processing all transactions. Regular monitoring takes place and particular caution is exercised when making payment to new suppliers.

11.8 The council shows a top level commitment by having a zero tolerance for anyone committing tax evasion and recognises its responsibility to prevent the facilitation of tax evasion. This is reflected in the governance process and procedures to address specific risks. In addition, the council has the following practices in place that all contribute to staff awareness and Governance:

- Anti-fraud, Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy
- Employee Codes of Conduct
- Contract Procedure Rules
- Finance Procedure Rules
- Counter fraud & corruption strategy
- Counter fraud & corruption action plan
- Fraud risk assessment
- Mandatory fraud awareness training

11.9 The reporting process for anyone who may have concerns that either tax evasion or the facilitation of tax evasion offences may have been committed are detailed in Section 16 of this policy.

## **12. INVESTIGATIONS, DISCIPLINARY & REDRESS**

- 12.1 Fraud, theft, bribery and corruption are serious offences against the council and employees will face disciplinary action if there is evidence that they have been involved in these activities. The council's Counter Fraud Department will collaborate with other public-sector bodies and law enforcement agencies, including the Department of Work and Pensions, the Police, HMRC, Immigration Service, Insolvency Service, the National Anti-Fraud Network (NAFN) and the National Investigations Service (NATIS) for the purposes of preventing, detecting and investigating crime. This is not an exhaustive list and other agencies may also be utilised.
- 12.2 The council participates in all mandatory data matching exercises most notably the National Fraud Initiative (NFI). In addition, further 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 data protection requirements under the Data Protection Act 2018.
- 12.3 Section 151 of the Local Government Act (1972) sets out that in every local authority in England & Wales should: "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs". This role is designated to the council's Section 151 Officer.
- 12.4 Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Chief Financial Officer (to report to the Council if the authority, one of its committees, the Leader and Cabinet Executive or one of its officers:
- Has made – or is about to make – a decision which has or would result in unlawful expenditure;
  - Has taken, or is about to take, an unlawful action which has or would result in a loss or deficient to the authority; or
  - Is about to make an unlawful entry in the council's accounts.
- 12.5 Any allegation of fraud received will be followed up through the council's agreed Disciplinary Procedures. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case, but in a consistent manner.
- 12.6 All individuals will face appropriate action under this policy if there is evidence that they have been involved in theft, fraud, bribery, tax evasion or corruption against the Authority. If the matter is a potential breach of the Code of Conduct for Members, then it will also be referred to the Monitoring Officer.
- 12.7 Any sanction against Housing Benefit will be taken by the Department for Work and Pensions. Although, authorisation for administration penalties (fine as an alternative to prosecution) can be provided by the appropriate department within the council.
- 12.8 In relation to any misuse or fraud identified with disability parking permits (blue badges), the council's Parking Enforcement team will actively investigate these cases. Where appropriate and within the public interest, penalty fines can be issued and prosecution may be pursued.
- 12.9 Any investigation undertaken may highlight were there has been a failure of supervision, or a breakdown/ absence of control(s). Where a confirmed fraud has occurred within the council, a review of internal controls will be undertaken and management must make any changes necessary to systems and procedures to ensure that similar frauds will not reoccur.

### **13. RECOVERY OF LOSSES**

- 13.1 The council will always attempt to recover losses incurred as a result of fraud, theft, bribery and corruption.
- 13.2 If anyone under investigation offers money in settlement of any losses to the council, it should be made clear that any monies offered will be accepted, through the appropriate process:
- Without prejudice to any other actions the council may wish to take;
  - That acceptance is only in respect of losses identified to date; and
  - That the council reserves the right to seek recovery in any further losses that may come to light in the future.
- 13.3 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to cover the council's losses.

### **14. INTELLIGENCE SHARING & COLLABORATION**

- 14.1 The Council continues to work alongside and with other agencies where possible, in the prevention, detection and investigation of fraud.
- 14.2 Organised fraud can cross with a range of organisations and services. Effective communication and joint working between local authorities and with other agencies, is therefore essential in the ongoing development of the Council's strategic response.
- 14.3 Only through clear and efficient collaboration between relevant channels, can the risk of fraud be managed. Through a multi-agency approach the Council will have the capacity and capability to pursue a culture of zero-tolerance towards fraud, bribery, corruption and tax evasion.
- 14.4 Fraud awareness can be increased internally across the local authority through regular and accurate fraud intelligence being circulated amongst the Council's services. Fraud alerts can assist a service in understanding what the current high risks threats are, which increases the chance of early interception and prevention.
- 14.4 Herefordshire Council's Counter Fraud Department encourages and understands the benefits of networking between other local authorities and law enforcement agencies. By regularly sharing intelligence internally and externally, the organisation is enhancing its ability to prevent and detect instances of fraud.

### **15. REPORTING, ADVICE, SUPPORT**

- 15.1 Reporting is essential and:
- Ensures the consistent treatment of information regarding fraud, bribery and corruption.
  - Facilitates proper investigation.
  - Ensures the proper implementation of a fraud response investigation plan.
  - Ensures appropriate employment procedures are followed.
  - Ensures the interest of the people of Herefordshire are protected.
- 15.2 The council recognises that responsibility for the prevention and detection of fraud rests with everyone. We also recognise the difficulties that can be associated with reporting concerns, which is why all referrals are treated with complete confidentiality.

15.3 If you believe someone is committing a fraud or you suspect corrupt practices, these concerns should be raised immediately. It is encouraged to include as much information as possible when making a referral, to assist in the investigation process a referral can be made through a number of different ways, which are detailed as follows;

- **Internal Fraud Referrals (Employees)**

Internal fraud referrals are encouraged to be made directly to the council's Counter Fraud Department by utilising the council's internal [Fraud Referral Form](#), to ensure a timely investigation is undertaken. For internal employees, this is located on the council's "Fraud Awareness" Intranet Page and this form provides guidance on what information is required within your referral. You also have the option to remain anonymous when using this function.

- **External Fraud Referrals (Public)**

This function is encouraged for external referrals (public & organisations not directly employed by the Council), we recommend that these be made using the [Online Fraud Reporting Form](#) located on the 'Counter Fraud' section of the Herefordshire Council website. This online reporting form will provide useful information on what should be included in your referral and we recommend this as a preferred method for external referrals.

You can also make a fraud referral using the [fraud reporting hotline on 01432 260698](#) or by emailing the confidential email inbox [counterfraud@herefordshire.gov.uk](mailto:counterfraud@herefordshire.gov.uk)

- **Whistleblowing Policy**

Fraud concerns can also be reported directly to the council's Monitoring Officer by emailing the confidential whistleblowing inbox, detailed within the [Whistleblowing Policy](#). All referrals of alleged fraud are then referred to the Counter Fraud Team.

The council's Whistleblowing Policy is intended to encourage and enable employees and/or partners to raise serious concerns. Members of the public can also report concerns through the Council's complaints procedures or by contacting their elected member, the External Auditor or the Local Government Ombudsman.

- **Alternative Reporting Methods**

All referrals of alleged fraud that are reported through alternative routes must subsequently be referred to the Council's Counter Fraud Team immediately for an assessment of the allegation to be undertaken.

Employees can choose to escalate suspicions of fraud to their senior manager for an initial review (only if appropriate). The senior manager or director can then make the referral to the Counter Fraud Team on behalf of the employee. To avoid potentially compromising any obtainable evidence, managers should not investigate concerns themselves without having sought relevant authority to do so.

Where managers are made aware of suspected fraud by employees, they have responsibilities for reporting these concerns. Managers should react urgently to evidence of potential fraud or corruption. Head teachers of maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality.

## **16. GOVERNANCE OF FRAUD**

- 16.1 Good corporate governance procedures are a strong safeguard against fraud and corruption. The Audit and Governance Committee is a key member forum for ensuring sufficient weight and support is given to counter fraud, theft, bribery and anti-corruption activity.
- 16.2 As with any risk faced by the council, it is the responsibility of managers to ensure that fraud controls are adequately considered when preparing strategic priorities, business plans, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring in addition to any actual incidence of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.
- 16.3 Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, the council's Members, Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

## **17. SUPPORTING POLICIES**

- 17.1 The following policies, procedures and guidance documents support or are linked to the Council's Anti-Fraud, Bribery and Corruption Policy. Please note that some of these documents may only be accessible to internally employed staff, and they can be located by searching [here](#).

- HC Counter Fraud and Corruption Strategy
- Hoople Anti-Fraud, Bribery and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Codes of Conduct (employees and councillors)
- Financial Procedure Rules
- Procurement Card Policy
- EML Compromised Card Procedure
- Contract Procedure Rules
- Direct Payments Policy
- Adult Safeguarding Procedure
- Recruitment Procedure
- Employee interests, gifts and hospitality Policy
- Resourcing and Managing Performance Policy
- Conducting an Investigation Guidance
- Equality Policy
- Disciplinary Procedures
- Information Security Policy
- Debt Recovery Policy

## **18. DATA PROTECTION**

The personal information we collect across the council services will be shared with fraud prevention agencies who will use it to prevent fraud, money-laundering and to verify identities. If fraud is detected, the council retains the right to refuse certain services, finance, or employment. Further details of how your information will be used by the council and these fraud prevention agencies, are publically available on the council's website using the link below and are also detailed in this document:

<https://www.herefordshire.gov.uk/directory-record/6201/fraud-prevention-privacy-notice>

### **18.1 Information held about you**

Before we provide services, goods or financing to you, we may undertake checks for the purposes of preventing fraud and money laundering, and to verify your identity. These checks require us to process personal data about you. The personal data you have provided, we have collected from you, or we have received from third parties will be used to prevent fraud and money laundering, and to verify your identity.

Details of the personal information that will be processed include, for example: name, address, date of birth, contact details, financial information, employment details, device identifiers including IP address and vehicle details. We and fraud prevention agencies may also enable law enforcement agencies and other local authorities, to access and use your personal data to detect, investigate and prevent crime.

### **18.2 Who is processing your data**

The Data Controller is the council and Hoople Limited may process some information as the data controller on behalf of the council.

### **18.3 How we will use the information we hold about you**

#### **Automated decisions**

As part of the processing of your personal data, decisions may be made by automated means. This means we may automatically decide that you pose a fraud or money laundering risk if our processing reveals your behaviour to be consistent with money laundering or known fraudulent conduct, or is inconsistent with your previous submissions, or you appear to have deliberately hidden your true identity. Read further information about your rights in relation to automated decision making.

#### **Consequences of processing**

If we, or a fraud prevention agency, determine that you pose a fraud or money laundering risk, we may refuse to provide the services or financing you have requested, or to employ you, or we may stop providing existing services to you.

A record of any fraud or money laundering risk will be retained by the fraud prevention agencies, and may result in others refusing to provide services, financing or employment to you. If you have any questions about this, please contact us on the details above.

Fraud prevention agencies may allow the transfer of your personal data outside of the UK. This may be to a country where the UK Government has decided that your data will be protected to UK standards, but if the transfer is to another type of country, then the fraud prevention agencies will ensure your data continues to be protected by ensuring appropriate safeguards are in place.

### **18.4 How the law allows us to use your information**

We process your personal data on the basis that we have legal obligations to do so under legislation such as the Fraud Act 2006 and that it is necessary in the public interest, or in exercising official authority for us to prevent fraud and money laundering, and to verify identity, in order to protect ourselves and to comply with laws that apply to us.

### **18.5 How long we keep your personal information**



Fraud prevention agencies can hold your personal data for different periods of time, and if you are considered to pose a fraud or money laundering risk, your data can be held for up to six years.

#### **18.6 Your rights**

Your personal data is protected by legal rights, which include your rights to object to our processing of your personal data; request that your personal data is erased or corrected; request access to your personal data. Read more about your rights in relation to personal data processing.

You also have the right to make a complaint about our handling of your personal data to the Information Commissioner's Office.

#### **18.7 Providing accurate information**

It is important that we hold accurate and up to date information about you to assess your needs and deliver the appropriate services. If any of your details have changed, or change in the future, please tell us so that we can update your records.

#### **18.8 Further information**

Further information about the processing of your data you can contact the council's Data Protection Officer, Carol Trachonitis, email [informationgovernance@herefordshire.gov.uk](mailto:informationgovernance@herefordshire.gov.uk)

19. **FRAUD RESPONSE PLAN**

