

Causeway Coast & Glens Borough Council

ANTI FRAUD, BRIBERY AND CORRUPTION POLICY

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1. INTRODUCTION

1.1 Causeway Coast and Glens Borough Council is committed to sound governance arrangements. In managing its arrangements and responsibilities the Council, as a public body accountable to the taxpayer, is determined to ensure proper accountability and probity in delivering its stated business aims and objectives. This policy should be read in conjunction with the following Council documents:

- Visions and Values
- Code of Conduct for employees
- Code of Conduct for Members (Councillors)
- Whistle Blowing Policy
- Bribery Policy
- Standing Orders
- Procurement Policy
- Financial Regulations Policy
- Human Resource policies including recruitment and disciplinary Procedures

These are available on Council's intranet.

1.2 This Anti Fraud, Bribery and Corruption Policy brings together existing key policy and procedure documents that are designed to:-

- help prevent fraud, bribery and corruption
- promote early detection and ensure its effective investigation
- where appropriate ensure the recovery of any financial loss.

2.0 FRAUD, BRIBERY AND CORRUPTION

2.1 There is no legally accepted definition of fraud, but the term fraud encompasses a range of criminal acts such as bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation and collusion.

2.2 The Fraud Act 2006 came into effect in January 2007. The Act further defines fraud in three classes: -

- **False representation**, if an individual dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading;
- **Failure to disclose information**, i.e. if an individual dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by failing to disclose the information, to make a gain

for them self or another, or to cause loss to another or expose another to risk of loss; and

- **Abuse of position**, i.e. if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

2.3 Fraud covers matters such as:

- receipt of income (most common) i.e. retention and misappropriation of cash;
- false claims for expenses;
- misuse of the purchase and payments system for personal gain;
- false wage and salary claim;
- theft of equipment and stores;
- false accounting;
- suppression of documents; and
- misuse of computer.

2.4 The Fraud Act supplements other legislation, such as Theft Act (NI) 1969 and the Theft (NI) Order 1978. In addition, the Bribery Act 2010 clarifies the law in relation to bribery and corruption. According to the Bribery Act 2010: “A Bribe is a financial or other advantage intended to induce or reward improper performance, where benefit could create a conflict between personal interests and business interests”. The Council’s **Bribery Policy** gives further guidance on the requirements of the Act and is attached as a separate appendix.

2.5 Corruption can be defined as the “offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person. Types of corruption include abuse in the following areas:

- Tendering, awarding of contracts;
- Settlement of contractors finance accounts/claims;
- Appointment and reward of consultants;
- Pecuniary interest of members and officers;
- Secondary employment of staff;
- Hospitality; and,
- Disposal of assets.

3.0 POLICY STATEMENT

3.1 Causeway Coast and Glens Borough Council is committed to developing and maintaining effective controls to prevent fraud, bribery and corruption, and to ensure that if any instances do occur that they be dealt with promptly. Where necessary, system changes will be made to prevent similar occurrences in the future.

All suspected cases of fraud, bribery or corruption will be investigated scrupulously and exhaustively, and any necessary disciplinary or legal action will be taken. During an investigation every effort will be made to maintain strict confidentiality.

This policy is applicable to elected members, co-opted members of committees, and all officers (full time, part time, temporary and casual) who work for the Council. The term “officer” includes all types of employees of the Council. The policy is also applicable to members of the public who are strongly encouraged to report their concerns to Council.

- 3.2 With regard to others who provide services for the Council, the Nolan Committee reiterated a fundamental principle in its report on the “Standards of Conduct in Local Government” 1997, which was: -

“Where a citizen receives a service which is paid for wholly or in part by the taxpayer, then the government or local authority must retain appropriate responsibility for safeguarding the interests of both the user and taxpayer regardless of the status of the service provider.” Therefore, the Council expects that individuals and organizations (e.g. partners, suppliers, contractors, and service providers) that it deals with will act with integrity and without thought or actions involving fraud, bribery or corruption. Where relevant, the Council will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts is most likely to lead to a termination of the particular contract and may lead to prosecution.

- 3.3 The Council is committed to ensuring that quality services are developed and delivered for the benefit of the community of Causeway Coast and Glens Borough. To assist in this goal the Council will take all necessary steps to ensure that the public’s assets and interests are protected. The Council will:

- promote a fair, equitable and honest approach to service delivery with those providing and receiving those services
- actively seek out instances of fraudulent and corrupt practices and pursue the perpetrators to the full extent of the law
- encourage people with concerns about potential fraud, bribery and corruption to inform the Council of their suspicions
- treat complaints of potential fraud, bribery and corruption positively, fairly and equitably
- regularly review its own procedures to ensure they offer effective
- protection of the Council’s interests and reputation.

- 3.4 Delivery of these aims requires the establishment, communication and maintenance of:

- proper standards
- an anti fraud culture

- supporting policies and procedures
- reporting and investigation arrangements
- access to information and publicity
- review mechanisms
- data sharing arrangements

Signed: _____ Date: _____
 Councillor Knight-McQuillan
 Mayor
 Causeway Coast and Glens Borough Council

Signed: _____ Date: _____
 Chief Executive
 Causeway Coast and Glens Borough Council

4. ACCOUNTABILITY AND RESPONSIBILITIES

4.1 Fraud, Bribery and corruption flourishes where there are deficiencies in management control systems. It follows therefore that the primary responsibility for prevention and detection lies with management. In particular management is charged with taking all reasonable steps to limit the possibility of bribery, fraudulent and corrupt practices.

4.2 Specifically the Council through the Chief Executive is responsible for:

- Developing and maintaining effective controls to prevent fraud, bribery or corruption;
- Carrying out vigorous and prompt investigations if suspected fraud, bribery or corruption occurs;
- Taking appropriate legal and/or disciplinary action against supervisors where supervisory failure has contributed to the commission of the bribery, fraud/corruption.

4.3 Directors, Service Managers and Supervisors are responsible for:

- Identifying the risks to which systems and procedures are exposed;

- Developing and maintaining effective controls to prevent and detect fraud, bribery or corruption; and,
- Ensuring that controls are being complied with.

4.4 Individual members of staff are responsible for:

- Acting with propriety in the use of official resources and in the handling and use of public funds whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers; and,
- Reporting details immediately to their line manager or next most senior manager if they suspect that a fraud/bribery or corruption has been committed or see any suspicious acts or events.

4.5 Council Members are responsible for:

- Acting with propriety in the use of official resources; and conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee “Standards in Public Life”.
- Members should familiarize themselves with the Code of Conduct for Members.

4.6 Role of Internal Audit

The responsibility for the development and maintenance of appropriate systems and controls lies with Management. However, internal audit can play an important role by assisting in the deterrence and prevention of bribery, fraud and corruption by examining and evaluating the adequacy and effectiveness of those systems and controls.

Internal audit work will be planned and carried out in such a way that there is a reasonable expectation of detecting fraud or irregularities.

At the request of the Director of Performance, Internal Audit may be asked to conduct or participate in an investigation. They may also be asked to make recommendations regarding the nature and extent of investigation considered necessary, if such is to be carried out internally.

5. **IMPLEMENTATION ARRANGEMENTS**

5.1 **REPORTING**

5.1.1 The ethical framework above requires Councillors and employees to report any concerns they may have regarding potential fraud, bribery or corruption.

5.1.2 The Council’s “**Whistleblowing**” Policy gives further guidance on how to raise concerns and it gives details about the support and safeguards that are available to those that do raise concerns both internally and externally.

5.1.3 The Council's "**Complaints Procedures**" also provide a route for raising concerns with the Council and detail the safeguards and support available.

5.2 INVESTIGATION

5.2.1 Investigation into fraudulent, bribery or corrupt activity will normally be carried out by the Internal Audit Service who will liaise with the Chief Executive, Director of Performance, Chief Officers and the Police where necessary.

5.2.2 Where there is evidence of suspected fraud, bribery or corruption, following discussion with the Chief Executive, relevant Director or Head of Service, Internal Audit will refer the matter to the Police who will determine if a criminal investigation is appropriate.

5.2.3 The Council will always seek to recover losses incurred as a result of any fraud, bribery or corruption.

5.3 REGISTER OF INTERESTS

5.3.1 The Local Government Act 1972 requires that a register of interests be maintained. The Council is committed to preventing situations in which reasonable suspicion of bias might be aroused in the minds of the public. Members of staff shall disclose to Council any pecuniary or other interest or any personal or family relationship which might reasonably be supposed to influence their judgement, or which might affect their ability to appear impartial on matters which they are concerned, or likely to be concerned, with in their capacity as a member of staff of the Council. All staff is expected to conduct themselves with integrity, impartiality and honesty and their private interests should not be such as to have the potential for allegations of impropriety or partiality to be sustained thereby bringing the Council into disrepute. Examples of where potential conflicts of interest can occur are relationships with Councillors/Contractors, contact with the local community and service users or political activity. The Code of Conduct for local government employees and Councils provides further guidance in relation to Declaration of Interests.

5.3.2 The Council will keep a record of any declaration of interest made by a member of staff.

5.4 GIFTS AND HOSPITALITY

5.4.1 No member of staff may accept directly or indirectly any gift, reward, payment, bonus, commission, discount, service or other benefit from any member of the public or organization with whom they come into contact by reason of their employment by Council. The only exceptions to this are isolated gifts of a trivial nature or inexpensive seasonal gifts; or reasonable hospitality provided that no extravagance is involved and that hospitality is not accepted from the same source with undue frequency. It is normal for Council employees to

incur costs providing hospitality to outsiders, and also to receive hospitality from suppliers and other sources. For example, business meetings may be held at times when it is a courtesy for one party to provide hospitality. Working lunches may also be a convenient way of conducting business, *provided that no extravagance is involved.*

- 5.4.2 However, there are occasions when it might be construed that an offer of some form of hospitality constitutes an attempt to exert influence on an employee. For example, this could be hospitality offered prior to or during a tendering process, or gratuitous occasions such as golf outings or Christmas lunches. In these circumstances, it is left to the discretion of the individual employee to decide whether he/she should accept such an offer. In the event of hospitality or gifts being accepted, then a record must be created in the hospitality register, which is kept by Human Resources Section.
- 5.4.3 Occasionally gifts may be offered to employees by outside parties. These are normally small items such as diaries and pens. The recommendation of the Local Government Auditor is that gifts with a value of less than £15 be considered de minimis. Any offers of gifts with a value in excess of this should be refused or noted in the appropriate register.

5.5 QUOTATIONS AND TENDERS

- 5.5.1 The Council has regulations contained in its **Standing Orders** and **Procurement Policy** relating to the processes to be undertaken regarding obtaining quotations or inviting tenders for goods or services, and the financial limits involved are updated periodically.
- 5.5.2 It is especially important that these regulations are adhered to in order that it can be demonstrated to the Local Government Auditor that all appropriate steps have been taken to ensure that value for money is achieved, and to avoid any suspicion of corruption.

5.6 SHARING INFORMATION

- 5.6.1 The Council is committed to working with other agencies in the detection and prevention of fraud.
- 5.6.2 Information will be shared internally and with government departments and other agencies for the purposes of fraud prevention and detection. This information will be shared in accordance with the principles of the Data Protection Act.
- 5.6.3 The Council also participates in national data sharing exercises i.e. **The National Fraud Initiative** to enable the proactive detection of fraud. The National Fraud Initiative (NFI) is an effective data matching exercise. It compares information held by different organizations and within different parts of an organization to identify potentially fraudulent claims and overpayments.

6. EVALUATION AND REVIEW OF THE POLICY

This policy will be reviewed on a regular basis by the Audit function of Council and by the Council's Audit Committee.

7. SECTION 75 EQUALITY AND GOOD RELATIONS

Causeway Coast and Glens Borough Council is fully committed to meeting its obligations in relation to Equality and Good Relations under Section 75 of the Northern Ireland Act. In this regard this policy will be screened using Section 75 guidelines and will be subject to an Equality Impact Assessment if found necessary as a result of the screening process.

8. CONTACT DETAILS

Any issues or queries relating to this policy should be addressed to:

Sharon Bradley
Audit and Risk Management
Civic Headquarters
Causeway Coast and Glens Borough Council
66 Portstewart Road
Coleraine

APPENDICES

APPENDIX I

FRAUD RESPONSE PLAN

1.0 **INTRODUCTION**

1.1 The Council has prepared this **Fraud Response Plan** to act as a procedural guide and provide a checklist of the required actions, which **must** be followed, in the event of a fraud, attempted fraud or irregular activity being suspected. The following plan sets out how Council staff, Council members, and others should report suspicions or allegations of fraud and how the Council will handle them.

1.2 Adherence to the **Fraud Response Plan** will enable the Council to:

- Take timely and effective action to prevent further losses;
- Help to recover losses;
- Establish and secure evidence necessary for possible criminal and disciplinary action;
- Highlight areas of weakness in the operating systems to prevent future losses.

1.3 **EMPLOYEES/COUNCILLORS**

Where employees have concerns the Council hopes they will be able to raise it first with their Manager, Service Head or Director. Failing this, the employee may report to the Chairman of the Council's Audit Committee. If the concern is about the Chief Executive, the concern should be raised with the Chairman of Council/Audit Committee.

1.4 **MEMBERS OF THE PUBLIC**

A member of the public who suspects fraud involving Causeway Coast and Glens Borough Council, its staff or contractors is strongly encouraged to report their concerns by contacting the Council's Internal Auditor by telephone on **02870347034** or in writing at:

**Causeway Coast and Glens Borough Council
Cloonavin
66 Portstewart Road
Coleraine
BT52 1EY**

1.5 The following sections set out the initial steps to take in the event of fraud or suspected fraud – the Preliminary Enquiry Stage – and if the preliminary

enquiry confirms the suspicion that a fraud has been attempted or perpetrated – the Formal Reporting Stage – including the management of an investigation, liaison with the Police, follow up actions, communication and external reporting suspicions of fraud and irregularity.

2.0 PRELIMINARY ENQUIRY STAGE

- 2.1 In the event of a fraud, attempted fraud or other illegal act being suspected, the officer should immediately report the matter to their line manager/head of service. If there is concern that line management may be involved, the matter should be reported to the next appropriate level. Additionally, management should immediately report the fraud or suspected fraud to Internal Audit and the Director of Performance.
- 2.2 Line management **should not** undertake preliminary enquiries until any suspicion has been reported to and advice taken from Internal Audit or the Director of Performance. It is imperative that enquiries should not prejudice subsequent investigations or corrupt evidence.
- 2.3 Internal Audit or the Director of Performance will advise on an initial fact-finding exercise. This discreet preliminary enquiry should be carried out as speedily as possible after the suspicion being raised. The purpose of the initial fact-finding exercise is to determine the factors that gave rise to suspicion and to clarify whether a genuine mistake has been made or if it likely that a fraud has been attempted or occurred. This may involve discreet enquiries with staff or examination of documents.
- 2.4 If the preliminary enquiry confirms that a fraud has not been attempted nor perpetrated but internal controls were deficient, management should review their control systems with a view to ensuring they are adequate and effective. Internal audit is available to offer advice and assistance on matters relating to internal control, if required.

3.0 FORMAL REPORTING STAGE

- 3.1 If the preliminary enquiry confirms the suspicion that a fraud has been attempted or perpetrated, management must ensure that all original documentation is preserved in a safe place for further investigation. This is to prevent the loss of evidence, which may be essential to support subsequent disciplinary action or prosecution. The facts should be reported immediately, internally to the:
 - Director of Head of Performance
 - Department Head; and
 - Internal Audit.

- 3.2 To remove any threat of further fraud or loss, management should immediately change/strengthen procedures and if appropriate, suspend any further payments pending full investigation. Where the fraud has been perpetrated externally management should consider the need to inform other Government Departments/Bodies.
- 3.3 The Director of Performance will decide on the appropriate course of action including the full formal investigation arrangements, and will be responsible for reporting and liaising with the Chief Executive on the progress of any investigation until the following information is to hand –
- The type of fraud/corruption;
 - The cause of the fraud/corruption;
 - The means of discovery;
 - The amount involved;
 - The amount recovered;
 - Period over which the fraud/corruption was committed;
 - The date of discovery;
 - The rank/grade of the perpetrator of the fraud/corruption;
 - The post that the perpetrator held;
 - The action taken on discovery of the fraud/corruption;
 - The action taken against the perpetrator; and,
 - The action taken to improve controls.

4.0 LIAISE WITH THE POLICE SERVICE OF NORTHERN IRELAND

- 4.1 It is Council policy that in **all cases of fraud**, whether perpetrated or attempted by a member of staff or by external organisations or persons, the case will be referred to the PSNI, as necessary, at the earliest possible juncture.

5.0 POST EVENT ACTION

- 5.1 Appropriate steps will be taken to recover all loses resulting from fraud, if necessary through civil action.
- 5.2 Where a fraud, or attempted fraud, has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds or attempted frauds will not recur. Additionally, if an employee is suspected of involvement, the Director of Performance will consider the appropriate course of action. This may range from close

monitoring/supervision to precautionary suspension, however it should be noted that suspension does not in any way imply guilt.

- 5.3 Internal Audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

6.0 COMMUNICATION

- 6.1 The following communications should be observed in all cases:

- The Audit Committee should be kept informed;
- The Fraud Response Plan should be reviewed to determine whether it needs to be updated and if so, changes should be circulated throughout the Council;
- Consideration should be given to informing other public sector organisations, e.g. other Government Departments, NIAO, grant paying organisations etc.

7.0 EXTERNAL REPORTING ARRANGEMENTS

- 7.1 The Director of Performance is responsible for the external reporting of all discovered fraud, proven or suspected, including attempted fraud, within or against the Council to the Comptroller and Auditor General, Northern Ireland Audit office (NIAO).

This external reporting arrangement extends to frauds (proven or suspected) including attempted fraud in organisations/companies supported with public funds from Voluntary Bodies and other agents such as Intermediary Funding Bodies/third party organisations funded by Council. The Chief Executive will report, immediately, all cases of fraud, proven or suspected, who will ensure external reporting requirements are met.

- 7.2 Also, the Chief Executive will ensure that updates on progress regarding the completion of investigations are provided to NIAO as necessary, to meet external reporting requirements. Care will be taken in making such reports that potential future legal proceedings are not jeopardised.

8.0 SAFEGUARDS – HARASSMENT OR VICTIMISATION

- 8.1 The Council is committed to good practice and high standards and wants to be supportive of employees. The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 8.2 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.

8.3 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that may already affect a member of staff.

9.0 CONFIDENTIALITY

9.1 All concerns will be treated in confidence and every effort will be made, subject to any legal constraints, not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness.

10.0 ANONYMOUS ALLEGATIONS

10.1 This policy encourages you to put your name to your allegations whenever possible.

10.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.

10.3 In exercising this discretion the factors to be taken into account would include:

- The seriousness of the issues raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

11.0 UNTRUE ALLEGATIONS

11.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, appropriate disciplinary or legal action may be taken against you.

12.0 CONCLUSION

12.1 Any queries in connection with this Fraud Response Plan should be made to Internal Audit and/or the Director of Performance.